

More than 250 die Mitterrand draws tributes from left and right in Zairean capital

At least 250 people are believed to have died when a cargo aircraft failed on take-off from Kinshasa air cargo aircraft laneu on take on from Alusoasa air-port and ploughed through a crowded market in the Zaircan capital. Many of the dead were women and children. The aircraft's four Russian crew survived and were taken for questioning by police.

Rift in German metal industry talks: Germany's metal industry employers and unions failed to reach agreement on a radical proposal for an increase of 330,000 new jobs in the industry in return for holding wage rises in check. Further talks will take place on January 18. Page 14

re builds for Papandreou to quit Greece's conservative



 $\mathfrak{L}^{(1)}$

tion party proposed a censure motion in parliament in an effort to increase pressure on prime minister Andreas Papandreou, left, to resign. Opposition leader Miltiades Evert said deputies in the governing Panhellenic Socialist Movement should "put

New Democracy opposi-

an end to the political vacuum" caused by the pro-longed illness of the 76-year-old premier, who is on a life-support machine after contracting pneumonia in November. Page 3

Vietnam insurance breakthrough: Commercial Union of the UK and Japan's Tokio Marine and Fire Insurance are to set up the first foreign insurance joint venture in Vietnam. Advertising in Vietnam, Page 12

Israeli security chief quits: The head of Shin Bet, Israel's domestic security agency, resigned. The official first submitted his resignation after the assassination in November of prime minister Yitzbak Rabin, Page 8

Turkish talks seek new government: Formal consultations aimed at forming a new Turkish government begin today between President Süleyman Demirel and party leaders. Page 2

Jobs top CSU agenda: Germany's Christian Social Union, Bavarian sister party of the Christian Democratic Union joined the other parties in putting unemployment and European monetary union at the top of its political agenda. Page 3

Orange operator nearer float: Huichison Telecom, operator of the UK's Orange mobile phone network, came a step closer to flotation when it was olse!csed a bank syndicate had been formed to underwrite a £2bn (\$3.1bn) initial public offering. Page 15

Guatemala poll: Pro-business candidate Alvaro

of the second half of the 20th century. He is to be buried on Thursday at Jarnac, his hirth-French and international leaders yesterday praised the life's work of Mr François Mitterrand, who place in the west-central Charente region. A memorial service died in Paris aged 79 after hold-ing the French presidency for a record 14 years until last May. will also take place at Notre Dame cathedral in Paris on Thursday, which is to be a day of

His tenure of the Elysée, crowning a 51-year political career that included 11 ministe-rial posts, made him one of the most infinential political leaders national mourning. Mr Mitterrand had been suffering from prostate cancer, and had undergone three operations since 1992. His condition wors-

ened during a Christmas boliday in Egypt. The demise of ibis most ambiguous of French presi-dents was met by unambiguous recognition of his stature in postwar French politics and of his role in building the French Socialist party and European

Mr Lionel Jospin, leader of the Socialist party, praised Mr Mit-terrand for "teaching us to gov-ern", after the late president and twice defeated for the Ely-

brought the left to power in 1981 for the first time in France's Fifth Republic. Mr Michel Rocard, a former Socialist prime minister who had a famously rocky relationship with his president, landed Mr Mitterrand's "pure political energy" in unit-ing the fragmented left.

Tributes also flowed from the

2.

see and who served uncomfortably as prime minister to the Socialist president in the mid-1980s, said he felt "emotion and regret" at the passing of "a great

figure". Mr Alain Joppé, the prime minister, said Mr Mitterrand had "given pride to the French left" and had helped "anchor the institutions of the Fifth Repub-

lic". Mr Dominique Baudis, the centrist mayor of Tonlouse, said

he planned to name one of his city's streets or squares after Mr Mitterrand.

Abroad, the end of Mr Mitterrand's long fight against cancer was felt most keenly in Bonn, where Chancellor Helmut Kohl expressed "great dismay" at losing "a good friend". The late

Continued on Page 14 Obituary, Page 4 Editorial Comment. Page 13

Opposition walkout threat hits Hashimoto bid for PM

By William Dawkins in Tokyo

Mr Ryutaro Hashimoto yesterday won the Japanese ruling coali-tion's endorsement as the next prime minister, but ran into trouble when the opposition threatened to resign to force an elec-

The endorsement hy the Liberal Democratic party - of which Mr Hashimoto is president - and its two pariners, the Social Dem-ocratic party and New Harbinger party, gives him the numerical support to win a parliamentary vote, provisionally set for Thursday. It has been called to choose a successor to Mr Tomichi Murayama, who res-igned as prime minister last week.

The only opponent for Mr Hashimoto so far is Mr Ichiro Ozawa, president of the opposi-tion New Frontier party -aminority in both houses of parliament.

A shadow fell over the coming government yesterday when Mr Takashi Yonezawa, NFP secretary-general, said all NFP members of parliament might resign if

Financial markets close early Government return to work delayed **Snow paralyses US north-east**

By Richard Tomkins in New York and Patti Waldmeir In Washington,

By David Buchan in Paris

One of the biggest snowstorms of the century in the US yesterday paralysed the north-east of the country, bringing the region's economy almost to a standstill and severely disrupting financial markets.

Most airports and roads were closed, making travel virtually impossible and preventing employees from getting to work. Government offices told employ-ees to stay at home - thwarting a planned return to work following an interim deal easing the threeweek government shutdown and many businesses gave workers the day off.

The New York Stock Exchange took the unusual step of restricting trading, delaying the start from 9.30am to 11am and bringing forward the close from 4pm to 2pm. The American Stock Exchange and the Nasdaq screen-

based market did the same. For the New York Stock Exchange, it was the worst dis-ruption since Hurricane Gloria struck on September 27 1985, closing the market all day.

The New York Mercantile Exchange and the New York Commodity Exchange cancelled trading for the day and trading in the bond market ended at noon. 100 A The Dow Jones Industrial Average closed up 16.25 at 5,197.68 in Snowbound: Pennysylvania Avenue in Washington was passable only by foot as the US capital was gripped by winter storms extremely thin trading. States of emergency were declared and the National Guard were called out in Kentucky. Pennsylvania, West Virginia, id, New York, New Jersey and Delaware. Schools were closed and motorists were told not to go out. Most airports were expected to remain shut all day. Transatlantic services were thrown into chaos with travellers whose flights were cancelled told they would have to wait three to four days for the next available flight. In New York, the city that never sleeps went into hiberna-

By Bernard Gray, Defence Correspondent, in London

and 203,000 employee

Lockheed Martin, the US defence

and aerospace company, is buy-ing the defence and electronics

businesses of its rival Loral for a total of \$9.1bn to create a defence

giant with a turnover of \$30bn

The move further extends

tions ahead of populist rival Alfonso Portillo. Page 6

Nissan, Japan's second-largest carmaker, will be supplied with brake parts by Aisin Seiki, a company in which rival carmaker Toyota has a 22 per cent stake. The deal highlights the loosening of traditional Japanese business ties. Page 15

Nynex cuts 300 jobs: Nynex CableComm second largest UK cable operator, is to restructure, losing 310 jobs in the process. Page 9

Famine finder: Government agencies and charities will be able more accurately to target areas of the world at risk of famine with a new computer programme being developed by the Save the Children Fund. Page 8

Phone-call rises suspended: The Italian government has frozen controversial changes to telephone charges, including peak-time local tariff increases, after heavy criticism by unions and consumer groups. Page 2

US troops offer: US defence secretary William Perry said Washington was willing to station Amer-ican troops on the Golan Heights to guarantee a peace treaty between Israel and Syria. Page 8

Tyson loses rape appeal: Former world heavyweight boxing champion Mike Tyson had an appeal for a review of his rape conviction refused by the US Supreme Court. Tyson, convicted in 1992, was freed last year after three years in prison.

German decline hits UK groups: Share prices of Redland and RMC, two of Britain's biggest build ing material producers, fell sharply amid rising concern about falling German sales. Page 18

Fujitsu, Japanese electronics group which owns a majority stake in UK-based computer group ICL is to set up a research and development centre in the UK. Page 9

N STOCK MARKET RIDICES	E GOLD	Lockheed's lead as the world's
How York	London	largest defence company and increases pressure on its largest domestic rivals, Boeing and McDonnell Douglas, which have been in merger talks for several months, to agree terms.
Nide	New York: Lunchiline £	It is also a strong threat to smaller European defence compa- nies, such as British Aerospace, Aérospatiale, and Daimler-Benz
Federal Funds	SFr	Aerospace, which have not yet started to consolidate. Lockheed is paying \$7bn or \$38
III OTHER PATES III: 3-po interback515% (5 ³ / ₂ %) III: 10 yr 6it10613 (106 ⁴ / ₂) Emme 3-0 yr 0.01107.82 (107.81)	£	a share in cash for Loral's defence and electronics business, and will take on \$2.1bn of Loral's debts. Up to \$10bn of bank debt
France: 10 yr OAT	m STERLING DM22322 (2.2315)	will be provided by a banking group led by J.P. Morgan, of which \$3.5bn has already been committed. The deal should be
Brent 15-day (Feb)	Tolge close: Y 105.65	
Actine Sch37 Greece Dw000 Melles Bahwan Dari 250 Hang Kong HK200 Mercoco Belgum SFr75 Hungsry FL230 Nath Bulgum Lw1200 Johans FK220 Migree CPUIs C21.20 Incide Rs75 Migreen	Ln0.85 Cater CP13.00 MDh16 S.Anibia SR12 R 4.75 Singapors534.30 Neiz00 Steak Rp Sid5 NK20.00 S. Airlas R12.00 ORI 50 Spain Pa250	Sione Lat24 Extopeen News24 Interruptorial News8 . Asia-Pacific News8 . Peebartee
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tion, with most people heeding Mayor Rudolph Giuliani's advice to stay at home. A sign outside FAO Schwartz, the city's biggest toy store, simply said: "This store is closed because of lots of snow." In Washington the federal gov-

ernment, paralysed by politics for three weeks, remained shut yesterday by the blizzard. Federal employees, who face a huge backlog of work after the shutdown caused by a stand-off between the White House and Congress over the budget, were unable to reach offices in central Washington.

Lockheed Martin buys Loral

day afternoon, when they were due to continue budget talks at the White House. But otherwise the broad avenues of the capital were largely deserted.

120

Some motorists ventured out in the kind of four-wheel-drive, luxury vehicle which Washingtonians love to own but so seldom need. But even they were unable to cope with side streets filled with snow drifts up to a metre deep, and many cars had to be abandoned

Washington's three airports

The two companies also over-

lap in export markets. Loral is

producing the electronics for Britain's £4bn Merlin anti-subma-

rine warfare helicopters, while

Lockheed Martin manufactures

the advanced radar Westland will

fit to the British Army's new

Apache tank basting helicopters.

considerable scope to rationalise

production capacity and research

From swords into cash, Page 13

and development spending.

The combined companies have

Political leaders were prepar-ing to brave the kcy blast yester-day, with thousands of flights day, with thousands of flights cancelled. Inter-city train services, continued but with severe delays. Commuter trains were running only below ground, after commuters were stranded for six hours overnight without heat and light on a suburban route.

Maryland governor Parris Glendenning saw a brighter side to the blizzard, praising the "1890-style sense of community" sbown by residents, citing reports of people helping to free stranded cars and deliver food and medicines to the sick and elderly.

Picture: AP

the government did not agree to hold an election. While this would not pose a constitutional problem for the government, it would render parliament unworkable, a parliamentary official said.

The tactic has been tried once before, by the socialists, in an

Continued on Page 14 Rush to avoid top finance post, Page 5

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defence businesses for \$9.1bn completed by the end of Febru- cal parts of the missile defence ary, provided the US government gives its approval. Loral's chairman, Mr Bernard Schwartz, will join the Lockheed Martin board as vice-chairman. The remainder of Loral, pri-

marily a satellite telecommunications business, will trade as a separate company, with existing Loral shareholders receiving one share in the new company, Loral Space, for each existing Loral share. Lockheed also intends to buy 20 per cent of Loral Space for \$344m, and Mr Schwartz will continue to chair that company.

The two companies will fit closely together. Lockheed Martin has a very strong position in combat aircraft, manufacturing the F-16 and next generation F-22 fighters, missiles and space launchers, and complex electronics. Loral has a wide spread of defence electronics interests, with no one single contract accounting for more than 6 per cent of its sales.

Many of Loral's businesses are complementary to Lockheed's: in missiles for example, both companies have a stake in the practi-

which \$3.5bn has already been committed. The deal should be Lex. Page 14 CONTENTS Recent issues Contraction FT Actuaries . al Na FI/SP-A Wid Indicate cia-Pactic Nexa Foreign Exchanges . Leader Pag Lation Gold Mar Norid Trade New Int, Bond Service **Observe** Nanaged Funds . ____24.25 HEL Cap 13th Tacincioo

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Star Wars programme. Lockheed is developing the Theatre High-Altitude Area Defence missile, which will protect large areas from missile attack, while Loral is working on the next generation Patriot missile, which starred in the Gulf war, for use against shorter range missiles. Both companies are also active

in military command, control and communications equipment. Lockheed produces the missiles for Trident nuclear submarines, while Loral produces much of Trident's electronics.

NEWS: EUROPE

Brussels TV proposals upset advertisers

By Emma Tucker in Brussels

Moves by MEPs in Brussels to restrict the amount of advertising that can be shown during children's broadcasts yesterday prompted bitter complaints from European advertisers that the European Parliament is trying to impede the development of new broadcasting services and undermine the single market in advertising.

"The current political climate in Brussels and Strasbourg has become increasingly hostile towards advertis-ers," said the World Federation of Advertisers. "What the legislators tend to forget is that advertisers pro-vide the economic lifeblood to the Community, generate jobs, offer consumer choice as well as vital resources to fund both the traditional

Optimism

Policymakers across Europe, with the notable exception of

the UK, overwhelmingly believe that rising cost pres-sures on the welfare state can

be addressed without big cuts

in the level of provision

offered, a new study suggests.

interviews with leading fig-

ures from across the political,

academic and business spec-

trum in Denmark, France,

Germany, Greece, the Nether-

lands and the UK, researchers

from tha University of Kent

found general agreement that

demand for welfare services

will keep rising, largely

because of growing numbers of elderly and higher mem-

left-wingers and unionists the

study found little enthusiasm

for any further expansion of

social welfare provisions, few

of those questioned favoured a

significant dismantling of

that severe fiscal and eco-

nomic constraints prevent the

further expansion of state wel-

fare," the report says. "[But]

there is more support for

maintaining the current role of the welfare state than for

Nevertheless, the research

reveals wide disagreement on bow to tackle these problems.

A majority of respondents

favoured interventionist eco-

nomic policies to cut unemployment. Many felt these could be combined with "polit-

ically painless" efficiency and

parency drives.

There is a general feeling

However, while even among

ployment levels.

existing provisions.

reducing it,"

After conducting detailed

on rising

welfare

By Mark Suzman,

The latest clash with the parliament concerns a series of parliamentary amendments to the revised Television without Frontiers directive that would, if adopted, restrict the amount of advertising that could be shown during children's hours.

Advertisers are also worried about Swedish government campaign to allow individual member states to block broadcasts from other EU countries if those broadcasts do not conform with domestic rules on advertis-

Sweden is angry about a Britishbased television channel, TV3, that ignores a Swedish ban on advertising to children under 12 in its transmissions from the UK. The government has fined Swedish companies who

comote their products on TV3. The advertising industry believes such moves will destroy the concept of a single market in advertising, forcing companies to adapt what are supposed to be European wide campaigns to the requirements of 15 different countries.

Although the culture committee which was voting on amendments to the Television Withont Frontiers directive yesterday and today - is in favour of tougher measures on adver-tisers, their amendments still have to be approved by the whole parliament, which does not vote until the end of January.

The amendments form part of proposed revisions to the directive, which aims to remove barriers to the free circulation of broadcasts within

the European Union

They would also have to pass back to the Council of Ministers, which last November adopted much more laisser faire revisions to the 1989 rules. The council voted to give jurisdiction over the content of programmes and advertising to the member state which

broadcasts a programme. This would mean that a country such as Sweden could keep its own rules on children's advertising but would only be allowed to apply them to domestic channels broadcasting within Sweden

If the parliament and council cannot agree on the amendments, the issue will have to go to "conciliation". If no compromise is reached, the revisions may be thrown out altogether, leading to a return to the 1989 rules.

The parliament is also likely to be at odds with the council over the issue of content quotas. MEPs in the culture committee bave taken a tough line on protecting European-made programmes from cheap, mass pro-duced American material.

They would like to achieve this by forcing general TV channels to show at least 51 per cent European-made programmes and theme channels, such as cartoon or movie channels, to invest part of their budgets in Euronean productions.

Such amendments go much further than what was agreed in the council last year. Member states opted to maintain a loophole that makes broadcasters carry 51 per cent European programmes but only "where practicable". EUROPEAN NEWS DIGEST

Euro 'threat to Swiss economy'

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FINANCIAL TIMES TUESDAY JANUARY 9 1996

The Swiss economy risks being damaged by frequent foreign exchange turmoil in the run up to the introduction of the common European currency, a powerful Swiss business organisation has warned. The warning, contained in an internal analysis made by the Swiss Association of Business and Industry (Vorort), follows large transfers of capital from European currencies into the Swiss franc in recent months. This movement has apparently stemmed from nervousness specially in Germany, about the introduction of the Euro in

1999. The influx has boosted the Swiss franc against the D-Mark and other European currencies.

This process has helped Switzerland's large financial services industry. The Swiss stock market scored the biggest gains of any large market last year, with the leading share index up 25.4 per cent. But the country's export dependent manufacturers have been hurt. GDP growth stopped in the third quarter after only 18 months of recovery from the last

The Vorort analysis appears aimed in part at heading off a confrontation between the two main pillars of the Swiss economy over monetary and European integration policies

Many Swiss bankers want to see the country stay outside the European Union and to keep the Swiss franc as a strong independent currency, as these policies help attract investment capital. Manufacturers would prefer the country to be in the EU and to peg the franc to the D-Mark and

ultimately the Euro. The analysis suggested that the central bank keep open the option of coupling the franc to the Euro. ' Ian Rodger, Zurich

Wealth tax hint for Belgians

Mr Elio di Rupo, the deputy prime minister of Belgium, has raised the possibility of introducing a wealth tax and a

raised the possibility of introducing a wealth tax and a "generalised social levy", as a way of taking some of the pain out of spending cuts in this year's budget. Belgium ahready has high tax rates, but the government needs to raise revenues to plug the budget deficit, as it prepares for economic and monetary union before the end of the century. In an interview with Le Soir newspaper, Mr di Bung end the outward level of traction in Belgium are "etill Rupo said the overall level of taxation in Belgium was "still below the level it was when this coalition came to power". Mr di Rupo, also minister for economic affairs in Belgium's entre-left government, said: "The problem of social security

will not be solved only by acting on the spending side and asking exclusively for an effort from those who benefit from various social benefits." Tax increases are likely to be extremely unpopular in

Belgium where wages have been frozen by the government for almost three years. Emma Tucker, Brussels almost three years.

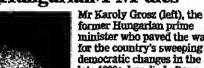
Moody's warns Austrian banks

Credit ratings of some Austrian banks could be downgraded by Moody's Investors Service over the medium term because their strategies for dealing with looming structural changes may be inappropriate.

In its annual outlook report on the Austrian banking system, Moody's observes that Austria's entry into the European Union will bring about a more open and deregulated banking environment. But it suggests that the leading banks are not well placed to adjust quickly to these changes. Austrian banks live with low net interest margins because of overcapacity and have relatively high operating costs, resulting in chronically weak profits. Yet they have only a 'half-hearted" commitment to closing branches and are educing staff only at a "tepid" pace, partly because of

"socio-political constraints", Moody's says. Privatisation is proceeding very slowly. Moreover, several banks ran down capital bases during the last recession by realising hidden assets or skimping on provisioning to cover Ian Rodger, Zurich losses."

Former Hungarian PM dies



former Hungarian prime minister who paved the way for the country's sweeping democratic changes in the late 1980s, bas died after a

Rome freezes plan to raise phone charges state costs Social Affairs Correspondent

By Andrew Hill in Milan

public service tariffs.

the European Union".

tain

calls

The Italian government has frozen controversial changes to telaphone charges in the face of unexpectedly heavy criti-

Unions and consumer associations attacked the government over the weekend after it. signad a series of decrees which would increase local call charges at peak hours, while cutting tariffa for many long-distance and international

yesterday described the susension as "an admission of The posts and telecoms minsnilt", and called on the government to withdraw the meaistry said yesterday it had not withdrawn the decrees, but it sures and start again with would talk to the unions before

proper consultations. The Italian government is only the latest EU government implementing the measures. Unions had accused the govto find itself up against popu-lar opposition in its attempt to bring tariffs into line with ernment of going back on a commitment not to increase The ministry defended the costs and with charges in other

tariff "rebalancing" in a state-ment released late on Sunday Last Friday, Germany's post night. It said the restructuring and telecoms minister suggested Dentsche Telekom of tariffs was one of the aims of a 1992 plan, and had also been review the figures on which its tariff changes were based, in approved in principle by ministers in December 1994. It added an effort to end a row over that the measures "responded rises in local call charges. As to numerous regulatory indicain Germany, Italian operators tions and to a specific invita-tion [to rebalance tariffs] from of online computer services have warned that increasing local tariffs could punish this

Tha suspension of the growing market. decrees, "taking account of cer-The Italian governmeot hoped to offset the wrath of criticisms", was



Italians pledge to work for Emu and employment

The priorities of the Italian presidency of the EU will be preparing for European economic and monetary union, launching the intergov-ernmental conference for revision of the Maastricht treaty, and fighting unemployment, Mr Lamberto Dini, Italy'a prime minister, said yesterday, Andrew Hill writes from Milan.

Mr Dini and Mr Jacques Santer, European ommission president (shown above on arrival in Rome), said this in Rome yesterday after

consumers by extending the off-peak period, which now runs from 10pm until 8am. Under the plan covered by last week's decrees, off-peak rates will apply from 6.30pm. The telecoms ministry also claims that the cut in loog-distance charges will compensate for the increase in local tariffs. But this has not satisfied unions and users' associations,

whole six-month presidency. Parliament begins a debate about the future of the government today, but it is difficult to predict the outcome. Mr Dini yesterday indicated he would not tender his resignation to parliament. signed up 50,000 new custom which claim the changes will ers for its digital cellular phone service in the first penalise families and only benefft companies.

The ministry estimates that month since it began full comthe restructuring will narrow mercial operations, ahead of its ogue services.

"extremely fruitful" discussions about the pres-

of the Italian government. It is still not clear whether Mr Dini's techno-

cratic government will guide Italy through the

ldency, involving commissioners and men

own expectations. Omnitel is the first competitor for Telecom Italia Mobile, the statecontrolled operator, which has a strong base of subscribers for its digital and monopoly anal-

Turkey given new warning on Islamists

economists are scentical.

As the political backlash hit,

implement unpopular mea-

sures in other east European

Swedish economist and adviser

have a sufficiently strong

sense of conviction in reform, as you did in Russia. They can

either become really serious or

Social pressures are mount-

ing. Mines in the eastern Don-

bass region, where pro-Russian

sentiment runs deepest, fre-

quently strike to force the gov-

ernment to pay ontstanding

wages. They got a potentially inflation-stoking \$257m conces-

sion last November. One in

every three Ukrainian indus-

trial workers is under-em-

ployed, according to a recent

survey by the International

Labour Organisation, while

"They need a new start,"

countries.

lose out."

key's largest party, since win-By John Barham In Ankara ning 158 of 550 seats in parlia-ment in general elections on The 550 new members of Turkey's parliament took their December 24. It held just 38

oath of office yesterday, open-ing the way for the first formal ber parliament.

agreed in principle" to form a has so far prevented a consergovernment, with Refah taking the justice, interior and educavative alliance. tion ministries. Motherland

True Path holds 135 seats decisively to prevent further and Motherland 132, indicating deterioration in the economy

The diplomat warned that an incoming government must act

operator, yesterday said it had

the gap between Italy and its EU partners, such as France and the UK, where local tariffs are 50 per cent higher. Omnitel Pronto Italia, Italy's second mobile phona

European countries.

But significant minorities, mostly among business people or right-wing politicians, favoured more radical options such as deregulating the labour market and increasing private provision of services.

Belying the recent Paris strikes, the report found that, in general, differences between political right and left and between employers and unions were smallest in France and greatest in the UK, However, alone among the six countries. the vast majority of respondents in the UK strongly donbted the political accept-Slow to reform Ukraine irks IMF ability of higher taxes and felt most strongly that some welfare cuts were needed.

Professor Peter Taylor-Matthew Kaminski says broken promises explain a delay in support from the Fund Gooby, an anthor of the report, said the research showed discussion of welfare reform in Britain was different from elsewbere. "There is a very different tone to the debate, with most respondents much more gloomy about the future than their continental counterparts," be said. "Not even on the left does anyone think increasing spending is a viable option."

Summary Report, Squaring the Welfare Circle Project, Univer-sity of Kent at Conterbury, CT2 TNY. UK.

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consultations between Presi-President Demirel is expected to offer Mr Necmettin dent Süleyman Demirel and party leaders today. Erhakan a mandate to form a

government today, but observ-ers say this will be little more The swearing-in ceremony took about 18 bours but passed off without incident, desplte fears that MPs from the funda-mentalist Refah party might omit the oath's reference to upbolding the secular reforms of Kemal Atatürk. Refah, which wants an

deficit is ont of control.

\$200m of Russian energy

unpassed budget for 1996 con-

economist in Kiev.

than a formality. However speculation is grow-ing that Refah may be near a deal with the conservative Motherland opposition party.

Mr Can Atakli, a columnist in the daily Sabah, said yesterday Islamic republic, is now Tur- that "the two parties have maz, Motherland party leader,

would take the foreign and that support from one of two that would bolster Refah's ris-economy ministries. Mr Atakli leftwing parties in parliament ing popularity. Action is did not say who would become prime minister.

Mr Demirel is expected to play a crucial role in preventing Refah from taking office by bringing the leaders of Turkey's two centre-right parties together in a coalition government. Animosity between Mrs Tansu Ciller, leader of the True Path party and outgoing prime minister, and Mr Mesut Yil-

required to improve real would still be needed for a 276seat majority. A western diplomat said yes-terday that "heavy pressure

will be brought to bear on the two leaders to form an alliance". A majority of Mother-land MPs would resist a deal with Refah, as would the powerful security forces, top civil servants and the US and European governments which wield strong influence in Ankara.

incomes, which fell by about a fifth last year, by bringing inflation down from 79 per cent in 1995. **Commentators** agree Refah will mount a formidable oppo-sition. Its MPs now hold one-

third of seats, allowing them to obstruct government business and even attempt to detach Motherland's estimated 40 Islamist sympathisers.

slowly. State orders for grain -

a driving force behind 10,000 per cent inflation two years

ago - came in at 4.6m tonnes

this year, down from an expec-

ted 10m tonnes, and are set to be withdrawn in 1996. Quotas

and licences on exports are

gone and trade is on the rise,

mainly in exports of basic

Mr Victor Yushenko, runs a

tight monetary policy in suite

of pressure from parliament.

Other quiet reformers in gov-

ernment are trying to revive a moribund privatiaation

Ukraine's IMF programme, the

prime minister must navigate Ukraine's political minefield

while implementing tough poli-

cies - a feat that has eluded

The central bank governor,

products such as steel.



long illness aged 65. Mr Grosz, known as the Huogarian Gorbachev wrested power from Mr Janos Kadar, Hungary's veteran Communist leader, becoming general secretary of the ruling Hungarian Socialist Workers party (HSWP) in 1988. He was prime minister between 1987 and 1988. However, like Mr Gorbachev, he was swept out of office

after the reforms he initiated gathered pace and eastern Europe's communist regimes collapsed: He was ousted at a party congress in October 1989 which attempted to transform the HSWP into a western-style socialist party. The Socialists lost the first free elections in 1990, but

regained power under Mr Gyula Horn, himself a former senior Communist official, in a landslida victory in 1994. Mr Grosz, who left politics in 1990, remained a communist all his life. In a local newspaper interview last year he said he was a Marxist who did not believe in Leninism. Virginia Marsh, Budapest

Ban on Frankfurt broker

The Frankfurt stock exchange has revoked a local broking firm's authorisation to handle price settlements in options deals, in the latest example of German authorities' determination to stamp out irregularities in financial markets.

The exchange said the action had been taken against Balimaier & Schultz after its market supervision board detected irregularities in the way prices were recorded. Because of these, orderly price determination appeared jeopardised". It found that in several transactions, the broker "generated price differences to its own advantage and the disadvantage of clients".

Ballmaier & Schultz said the irregularities - in dealings in options of Trinkbaus & Burkhardt, a Düsseldorf bank owned by Midland Bank of the UK - stemmed from errors, which it regretted, in entering prices electronically. It called the exchange's action inappropriate and illegal and said it would

defend itself legally. The exchange said a ledger broker - handling price settlements - must not be allowed to abuse the trust arising through knowledge of orders on the books. It said the size of the damage was not decisive - Ballmaier said the price discrepancies amounted to only DM444 (£200) - and its decision was also influenced by the fact that the broker had done nothing to put it right. Andrew Fisher, Frankfurt

Tietmeyer backs spending cuts

Mr Hans Tietmeyer, the Bundesbank president, said European nations must continue to try to reduce public spending and to pursue labour reforms, despite short-term penalties. Speaking yesterday in his capacity as chairman of the G-10 central bank governors' committee at the end of its regular monthly meeting at the Pank for Interpreting of Suffyred

monthly meeting at the Bank for International Settlements. Mr Tietmeyer said the effects of fiscal reform over the long term would outweigh the negative short-term impact. He warned that if Europe did not continue on its present

path of fiscal consolidation, higher interest rates and less investment could result. AFX, Basel

Yugoslav trade deficit \$959m

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The Yugoslav trade deficit reached \$959m in the first 10 months in 1995, the federal government's Centre for Development and Economic Policy said yesterday. The centre said no comparative figures were available. Reuter, Belgrade

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But the successful private The Fund's decision not to release additional credits puts additional pressure on of 6 per cent and inflation of 36 Ukraine's weak finances at a beer producer is fighting a lostime when Kiev must negotiate ing battle against a wholesale a new energy supply deal with Russia. It also will delay talks trade monopoly controlled by state breweries, forcing it to with the IMF on a new threedepend on street klosks or year loan worth \$2.5bn, which direct sales to restaurants. would have naturally followed A year into Ukraine's ambia successful stand-by protious market reform effort, the gramme. Obolon story is like many oth-The country's discouraging ers that tell of the private sec-

economic record sits uncomtor's losing battle with the fortably with the pressing strategic goal - to keep the large Slavic country stable, indepen-dent and somehow on reform state for economic power. As the state sector wins, economic And now the International course - which the BIF board. not immune to pressure from western countries. in particu-Monetary Fund has baulked at continuing its support for the programme. This month it put off a scheduled vote on the remaining \$700m of a \$1.5bn lar the US, will have to take into account.

The reform slippage came in the past few months, after The Ukraine government failed to meet conditions for the loan, President Leonid Kuchma's late conversion to the free marbut Fund officials hope Kiev ket raised expectations in westcan get back on track by March ern capitals. The fault lies largely with an assertive parlt must first resolve two liament dominated by communists and a government loath pressing problems: it is behind in its payments for imports, to swallow potent reform medimainly energy, and its budget cine.

The government's reluctance Ukraine bas not paid for up to to free energy prices has meant there was not enough revenue from domestic sales to pay for imports over the past two months. A higher than expecnecessary imports when the ted 1995 fiscal deficit and an weather turned cold. Earlier last year, the parlia-

stitute two further broken ment released credits to factopromises made to the IMF ries, pushing the budget deficit about keeping finances in over the agreed 7.3 per cent of GDP and helping to keep "They have dug themselves monthly inflation above 5 per into a big bole and it'll be hard cent, above the targetted 1-2 to get out." says a western per cent.

etable plots. This year's bndget, op for

.. .

Budget balance as a % of GDP per cent, down from about 180 per cent last year. But western -2 -Mr Kuchma left economic policy to others, depriving the effort of the clear political backing that was needed to -6-

Ukraine

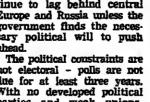
says Mr Anders Asland, the 1993 94 95 96 to the government. "You don't Source: Deixe Europe

> scheme. However, they are matched against powerful vested interensures Ukrainians live better than official statistics suggest. But it is also an inefficient and ests, mostly industrialists in short-term solution. Econo-mists argue Ukraine will conthe country's eastern regions, who openly support a "mixed tinue to lag behind central Europe and Russia unless the government finds the neceseconomy" with a large state sector incorporating what economists call the worst sary political will to push aspects of the Latin American

not electoral - polls are not due for at least three years. With no developed political parties and weak unions, Ukrainians neither press for change nor actively oppose it. Reformers say the elites who profit from a distorted econ-

find rents," says Mr Serhei Tiriokhin, a Reform party deputy, noting cheap loans, trade licences and state-set prices on \$29 30 through secondary activmany insiders.

ing Mr Kuchma who resigned as prime minister after a failed The shadow economy agriculture are opening up years ago.

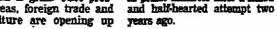


ities, such as trading, driving taxis or working weekend veg-

now holds the economic-policy reins, recently promised that "the necessary steps will be taken" to tackle monopolies and the bureaucracy and meet pressing financial obligations. Yet as time runs ont on

official unemployment is 0.4 per cent, a statistic few believe. omy are applying the breaks. A survey by Mr Simon John-son and Mr Daniel Kaufmann, "Rent-seekers are trying to two western economists, found Ukrainians earn \$15.90 a month in their official job and

lucrative commodities enrich his four predecessors, includ-Not all is grim. Once problem areas, foreign trade and



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experience, such as protection from competition. Mr Yevhen Marchuk, the pragmatic prime minister who

Employment Crisis time in Germany's town halls put at top of CSU agenda

By Judy Dempsey in Wildbed Kreuth, Bavaria

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Germany's Christian Social Union, (CSU), the Bavarian sis-ter party of Chancellor Helmnt Kohl's Christian Democratic Union (CDU), yesterday joined the other parties in putting unemployment and European monetary union at the top of

its political agenda. Mr Theo Waigal, finance minister, and Mr Michael Glos, head of the CSU's parliamentary group, said unemployment could soon reach 4m if more flexibility in the workplace and social reforms were not introduced.

In particular, Mr Waigel said cutting the public sector, increasing job flexibility and pushing forward the pace of privatisation were essential if the government was to succeed in boosting employment.

Mr Waigel was addressing the parliamentary faction of the CSU at its annual meeting in the Bavarian mountain resort of Wildbad Kreuth.

The meeting coincides with considerable concern among the CDU and the CSU about the ability of the liberal Free Democratic party (FDP), the government's junior coalition partner, to win re-election in three state elections due in March

But yesterday, Mr Glos dismissed any idea that the coalition was in danger, despite the FDP's poor electoral perfor-

mance over the past two years. He said the CSU would continue to support the government and warned against any temptation by the CDU to form a coalition with the opposition Social Democrats (SPD). In a closed session for delegates, Mr Glos said the CSU would no longer be able to hold four ministerial posts and five

10 per cent this year.

economic upswing.

crisis.

state secretary positions if such a political constellation was to emerge. At the same time, the CSU. which has close links with the Roman Catholic church and is politically conservative on asy-lum and fighting crime but lib-

eral on privatisation and less state interference in the economy, said an SDP coalition with the Greens, backed by the east German Party of Demo cratic Socialism (PDS), would split the country and usher in an era of political instability. Although confined to Bav-aria for its political support

and often appearing under the shadow of the CDU, the CSU stunned the CDU 20 years ago at Wildbad Kreuth by deciding to make its own parliamentary deputies independent from the figures. The Bonn Finance CDU faction. This was a CSU bid to establish greater political autonomy in policy-making and to challenge the CDU's

But in practice in the Bundestag, the lower house of the parliament, the CSU has scted as a loyal and dependable supporter of the CDU.

control over the Chancellery.



Bnt, in contrast to Ger-Cuts like this in a small area many's state and federal govof the Rhineland are symptomernments, the borrowing powers of local authorities are atic of financial problems for strictly limited. As a result, the local anthorities throughout Germany. "The situation is one financial problems of towns of unprecedented gravity," and rural districts have been says Mr Hanns Karrenberg, an felt quickly in local communities as cuts in services or riseconomist at the Association of ing charges. Bonn's decision a German Cities. "We are now in few weeks ago to switch off 82 traffic lights to save a few-The crisis in Germany's thousand D-Marks was quickly town halls is hitting the nation as a whole. Cuts in local jobs, services and investment are reversed after a wave of protests. The average family in the capital will not be able to

adding to the "feel bad" factor that is sapping the strength of Germany's already anaemic escape a 24 per cent rise in refuse disposal charges set for this year. There is no doubt that Ger-Sharply higher charges for

rubhish clearance, sewerage many's local authorities are and water, and kindergarten partly responsible for their places are chipping away at families' disposable income present plight. Years of strong growth and buoyant local tax and curbing consumption and revenues encouraged heavy retail sales. Yesterday, the censpending on expensive protral association of the German jects. Even if the neighbouring retail trades reported "extremely weak" sales by specommunities of Königswinter and Bad Honnef shat two cialised retailers in November. swimming pools as planned. The scale of the problem is only partly reflected in official they will still have two others in operation. But with the economy weak,

Ministry recently forecast a German cities: cause of the crisis

> Index, 1992=100 148 130 120 110 100 801 93 94

the structure of Germany's ily by local authorities, which social security provision has are responsible for social secumeant that local authorities rity payments (as opposed to are caught in an especially the Federal Labour Office, vicious squeeze between falling which provides unemployment

Local authorities are caught in an especially vicious squeeze between falling tax revenues and rising costs

pay for those temporarily out tax revenues and rising costs. Slow growth and business of work). According to finance ministry estimates, social redundancies have meant a sharp rise in Germany's spending by local authorities long-term unemployed. in western Germany is set to These are supported primarrise to DM53bn this year from

DM51.5bn in 1995 and DM47.8bn in 1994. In eastern Germany, it is expected to rise to DM8.5bn from DM8bn in 1995 ano DM6_2ho in 1994. In Cologne, social support payments are expected to total DM782m out of a 1996 budget of DM6.76bn

At the same time, weak activity and increased corporate investment abroad have eroded revenues from local husiness taxes. Total local authority tax revenues fell 0.8 per cent to DM40.3bn in the first half of last year compared with the same 1994 period, according to the Federal Statistics Office. Significantly, income from local business taxes dropped in western Germany by nearly 5 per cent to Dm17bn, while in the east it slumped by 27 per cent to just DM1hn These are global figures.

There are substantial local and regional differences. Most cities are in worse financial straits than surrounding regions, because of the migration to the suburbs in recent years of more affluent families and the concentration of social problems in urban centres. There are also large differeoces between the faster growing south of Germany and the old industrial north as well as

hetween local authorities in

the richer western states and

the impoverished municipali-

ties of the former communist

east. According to Mr Karren berg, many of Germany's cities are no longer able to solve their financial difficulties themselves

Inevitably, the government in Bonn has become deeply involved with the problems of local government finance.

Mr Theo Waigel, the finance minister, wants to abolish one of the taxes which is an important income source for the municipalities.

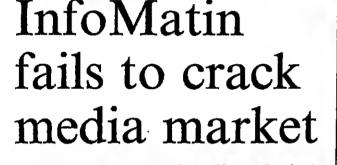
The local trading capital tax (Gewerbekapitalstever), which largely accrues to the munici-palities and which companies have to pay irrespective of whether they make a profit, is, the minister says, a "fossil" that undermines Germany's international competitiveness. But his favoured solution of financing local authorities through a share of value added tax will be especially difficult to achieve, as it will require a political deal between the federal government and the states, most of which are controlled by the opposition Social

Democratic party. It is just this sort of solutioo that Mr Karrenberg dreads. Germany's economic problems are only one reason for the cities' difficulties: just as serious have been "lousy compro-mises" brokered by state and federal politicians over the local authorities' heads.

Peter Norman

Lee Chun Jung borrowed an umbrella to reach the top of the world.





By Andrew Jack in Paris

With a bold "An Revoir" headline taking np half its front page, the daily French newspaper InfoMatin printed its final edition yesterday, giving up a two-year struggle to break into one of the country's most difficult markets.

ing problems and restructur-ing. They have all suffered in the face of high and sharply rising production and distribution costs - notably for paper - as well as relatively low advertising expenditure. InfoMatin had at least two additional problems. First, it was trying to break in to a

lts nltimate failure says much abont the difficulties facing many of its competitors, as well as about its own particular challenges and limita-

InfoMatin distinguished itself by creating a distinctive niche. It opted for a practical easy-to-bold tabloid format. It chose a deliberately aggressive price - FFr3.80 (76 US cents), almost half the price of most other dailies. It used colour and lively presentation.

It had also taken an increasingly aggressive investigativa and sometimes caustic and anti-government - editorial line, which included generating a number of memorable scoops on improprieties in the public housing market in Paris over the last few months.

However, the precedents were not promising. InfoMatin was the fifth attempt at lannching a generalist daily paper in France in the last two decades. All have failed. The last successful one - the leftleaning Libération, set up in 1973 - is itself having considerable financial difficulties. Even many of its more entrenched rivals, snch as Le Monde and Le Figaro, are fac-

shrinking market, which ha seen the number of daily newspaper readers decline by 2m in 20 years, according to Mr Yves Agnes, head of the CFJ, the journalists' training school in Paris. That partly reflects the rival lure of television, the regional press and a strong stable of weekly magazines. Second, it chose a high-risk alternative. As Mr Andre Rousselet, the former television executive who became its publisher after an initial rescue a year ago, wrote on the front page: "Our price, format and colour cost us dear."

Mr Agnes also believes InfoMatin was under-capitalised. He says it would have needed several hundred million francs and perhaps five years to break into profit. It was given mncb less slack than thet, and reported operating losses of FFr84m in 1994 and FFr65m last year. There were also problems of ment style. Mr Rousselet made great play in the last few days of the journalists' unwillingness to contribute to cost reductions by agreeing to reduce their annual hollday entitlement from more than eight weeks to five. **Observer**, Page 13

Pressure grows over Greek PM

By Kerin Hope in Athens

conservative Greece's opposition party. New Democracy, yesterday proposed a censure motion in parliament in an effort to increase pressure on Mr Andreas Papandreou, the prime minister, to resign. Mr Miltiades Evert, the opposition leader, said deputies in the governing Panhellenic Socialist Movement should face up to their responsibilitics and put an end to the political vacuum" caused by the premier's prolonged illness.

Mr Papandreou, 76, is still on life-support machines after sufferiog kidney failure and secondary infections resulting from pneumonia in November. Doctors at the Onasseion Cardiac Hospital where he is being treated said yesterday that his condition was improving, but he was still using a respirator. Mr George Papandreou, education minister and the prime minister's eldest son, has undertaken to persuade his

father to retire, but ruled out "any kind of ultimatum". At a first meeting yesterday, he told Mr Papandreou only that his seven-week absenca had caused problems, Socialist officials said.

Greece's constitution calls for Pasok's 169 deputies to elect a new prime minister. Almost 100 deputies have sent letters to Mr Dimitris Beis, chairman of the parliamentary group, asking for procedures to be started as soon as possible. Mr Costas Simitis, a former industry minister and a leading contender to succeed Mr Papandreou is among the deputies who want to end the uncertainty. The other frontrunner, defence minister Gerasimos Arsenis, has avoided taking a position on Mr Papandreou's resignation.

The constitution does not offer a way out of the present impasse, sccording to legal experts, because its wording on what to do in such a situation is unclear.

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NEWS: FRANÇOIS MITTERRAND 1916-1996

Passing into history of a French enigma

Great statesman of a new Europe who

managed to inspire both love and hate

rancois Mitterrand. who died yesterday at the age of 79. was one of the outstanding politicians of the post-war era, who

dominated the French political scene throughout the 14 years of his presidential tenure of

the Elysée palace. But Mitter-rand's chief legacy was his contribution to the construction of the European Union. and it is this which places him in the inner circle of the pan-theon of great European statesmen.

As leader of France. Mitterrand artained a charisma rising above party politics which earned comparison with that other towering Frenchman of the post-war era. Charles de Gaulle: hut as a great European, he is in the august com-pany of Jean Monnet, Paul-Henri Spaak and Konrad Adenauer.

At the same time, however, the personal reputation which he will carry into the pages of history, and the legacy which he leaves behind for France, are wracked with amhiguity and contradictions.

He performed immense services for his country; but throughout his career he was deeply hated hy political opponents, with an intensity going far heyond the normal antagonism of politics.

At one level he was a great political reformer: his measures to devolve powers to the regions, departments and communes, was possibly the most important, and certainly the hravest, departure from the deeply engrained history of the centralised French state. Yet at the same time he presided over a concentration of power in the presidential palace in Paris, which invited repeated and

'Just think: for as long as young people aged 15 to 20 have been aware of their country's politics, they have never seen anyone but me [in power]. In

socialism, and abandoned the Socialist party to invent a new

future for itself. The comparison hetween Mirterrand and de Gaulle is almost unavoidable, hut it is also paradoxical and douhle-edged. For many years Mitterrand was a hitter opponent of de Gaulle, and he fiercely denounced de Gaulle's Fifth Republic as a coup d'état permanent.

Yet when he himself became president. he followed de Gaulle's example in many respects, not least in wielding absolute presidential authority in the fields of foreign policy and defence.

Mitterrand's European policy, however, was in stark opposition to that of de Gaulle. As a passionate nationalist, de Gaulle constantly asserted the claims of France against all comers

But Mitterrand did continue one important strand of de Gaulle's European policy: the close alliance with Germany. But he did so for entirely different reasons, and with entirely different results. For de Gauile, the Franco-German partnership was a device for asserting French dominance over a Germany which was still only starting to recover international respectability; through friendship with Konrad Adenauer, de Gaulle thought he could slow the pro-cess of European integration. But Mitterrand's purpose was quite the opposite: for

him, Germany was a necessary partner for moving forward towards an explicitly federalist Europe, and Chancellor Hel-mut Kohl an essential ally in the process.

Mitterrand prohably did more than any other French polltician to convert his countrymen to the cause of Europe. The economic logic of this conversion persuaded the French establishment to accept the liheral economic principles of the single European market, and to turn away from its long tradition of protectionism and state intervention.

This political consensus in

Prisoner to president



aud irreproachable restraint, marked the beginning of Mitterrand's creative years of Europenn statesmanship. The new econumic priorities becaue the control of inflation and the improvement of French competitiveness to match that of Germany: in every year thereafter, until the recession of the early 1990s, the hudget deficit was brought down and the rate of inflation finally squeezed below that of Germany

4.4

So hy a paradoxical reversal of policy and fortune, it was a Socialist president who ushered the French economy into integration with the rest of Europe. He earned the respect of the international financial community for having successfully replaced a traditional French strategy of competitive devaluation with a strategy of a hard franc.

As a result, the gradnal achievement of international confidence in the French economy became the undispensable condition for the credibility of Mitterrand's new European policy. first with the Single European Act negotiated in 1985-86, and in 1991 with the Maastricht treaty on economic and monetary union and politi-cal union. To these momentous

On May 8, 1995, speaking in Berlin on the 50th anniversary of the end of the war, Mitterrand gave Germany its absolution: 'They [ordinary Wehrmacht soldiers] ... accepted the loss of their lives for a bad cause [Nazism], but their gesture had nothing to do with that. They loved their

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their place, I would be rather weary' - 1993

indignant comparison with the monarchs of the ancien régime. He was a lawyer with immense respect for constitutional uicetles and forms of government. Yet at the same time, his administrations were associated with repeated scandals, with outrageous abuse of power and even with outright law-breaking.

At the personal level, no-one ever accused Mitterrand of financial corruption, let alone of money-gruhhing. Yet his friendships included several people of dubious financial reputation, and he seems to have done nothing to prevent or repress the wholesale financial corruption to which his Socialist party abandoned itself.

Mitterrand patiently proved hunself, during two decades. the master strategist of French party politics.

He virtually created the Socialist party, and huilt it up as an instrument of his will and the largest single political force in France. He neutral-ised, and in the end effectively sufled, the ouce-powerful Communist party. And he destahilised the natural majority of the conservative opposition parties, hy playing with consummare skill on their internal dissensions.

But he was so jealous of all possible rivals in his own Socialist party that he deliberately constructed the party as a gathering of warring clans, with the result that, as his power weakened towards the end of his tenure, the competing factions progressively tore each other apart.

If Mitterrand had heen determined to ensure that he could have no strong successor, and to leave the Socialist party in the same state he found it, he would not have acted differently.

Above all. perhaps, he always was, and he remains in polifical ferms, an enigma.

Apart from his steadfast commitment to the cause of European integration and reconciliation with Germany, it is virtually impossible to say what he believed in.

He started his political career ou the nationalist right; he finally cane to power in 1981 on the strength of an alliance with the Communists and a programme assembled from all the most old-fashioned socialist recipes: but after two short years, he gave up virtually everything that smacked of it remained the foundation of

turn appeared to have per suaded a large and consistent majority of the French people to acquiesce in Mitterrand's far-reaching federalist goals of economic and monetary union and polifical union.

The French referendum of Septemher 1992, which took place at a time of unrelenting recession, produced only a paper-thin majority in favour of the Maastricht treaty; hut the intense national dehate which led up to the referendum had inexorably forced the leaders of all the mainstream political parties, including Mr Jacques Chirac of the Gauliists, to come out in favour of the treaty. Political parties had been manoeuvred into supporting it. The one aspect of French pol

icy where Mitterrand remained an effective prisoner of the Gaullist heritage was defence. He repeatedly proclaimed the need for Europe to acquire its uwu defence identity.

During his second presidential term he launched some practical initiatives for European defence co-operation. hoth in the expansion of the war. Franco-German hrigade into a potential European Corps. and in hints at the need for a European nuclear doctrine. Yet in principle he uever shifted from an absolute insistence that the

whole of France's defence policy, whether nuclear or conventional, must be totally indepeudent. This internal contradiction in Mitterrand's thinking on defence, between the European and the French nationalist. remained unresolved throughout his tenure of office, despite frequent initlatives to square the circle.

He attempted to graft a ments. including the prestidefence dimension onto the bilateral Franco-German partnership, and he urged the extension of the EU into the

defence field. Yet the seminal act of de Gaulle's defence policy, the removal of France from the military structures of Nato in 1966, remained an immovable centre-piece of Mitterrand's defence doctrine.

One probable reason for this double-track policy was the widespread belief that the long-standing French consensus of support for the national

nuclear deterrent was conditional on a defence posture which stressed national independence. But whereas the French national nuclear deterrent had been invested by de Gaulle with the symbolism of French national greatness in

the tace of the Soviet menace. He spent his exile assidu-

Promoting Franco-German relations with Chancellor Kohl

1916: Born west-central village of Jamac into bourgeois, religious family; educated boarding school, then obtained law degree and politics diploma in Paris; initial career in law and journalism.

1939-45: Serves in French forces, wounded, captured by Germans but escapes into unoccupied Vichy France, where he works with Vichy régime unit responsible for French prisoners in German camps then active with the Resistance from lata 1942 until end of war.

1946-58: National Assembly deputy for la Niève tnear Dilon).

1947-48: Minister for army veterans, then other ministerial posts.

1954-57: Minister of interior, then minister of justice.

1959-62: Senator

credenhals as a serious politi-cal contender for the presi-Mitterrand's defence policy, even after the end of the cold dency; after he had succeeded

Not the least remarkable feain driving de Gaulle into an unexpected second-ballot runture of Mitterrand's career is that his creative years came off in the 1965 presidential eleclate in life, since he secured his tion, he was well on the way to first presidential election in his guaranteeing his status as the most plausible representative 65th year. His previous career fell into two distinct phases, of the non-Communist left.

neither of which appeared to promise the final chapter of His primacy on the left became unquestioned after he statesmanlike achievement. had taken over the leadership In the decade after the secof the emerging Socialist party in 1971, and was further reinforced the following year ond world war, when Mitterrand was in his 30s, he was a hrilliant and precocious young when he forged an electoral politician of the Fourth Repub-lic, of ambiguous political affilalliance and a joint programme with the Communist party, the iation. who held ministerial first such socialist-communist office on 11 occasions in a sucpact in France since the Popucession of different governlar Front of the 1930s.

This was the turning point, hoth for Mitterrand's career

and for the balance of forces on

the French polltical scene. For

Mitterrand had understood

that the moderate left in

France was condemned to

impotence so long as the voters

were forced to choose between

a collection of divided socialist or moderate centre-left parties

and a large Communist party

of Stalinist rigidity on the

explicit alliance with the Com-

munists, he reasoned, could

the Socialists hope for an elec-

peak of 22.5 per cent in 1967,

the Communist vote declined

steadily to under 10 per cent in

1986; whereas the Socialist vote

Only hy negotiating an

extreme left.

gious posts of minister of the 'I still believe in the forces of the spirit, and I intend to be

with you always' - 1995

interior and minister of justice. After the fall of the Fourth Republic in 1958, however, de Gaulle's accession to power ushered in a period of 23 years of conservative dominance on the French political scene, and Mitterrand was effectively relegated to a long period in the wilderness.

ously attempting to huild his

Cutting the Channel Tunnel ribbon with Queen Elizabeth

1962: National Assembly deputy.

1965: Runs for presidency, with support of FSIO (precursor of Socialists) and Communists, rec 44.8 per cent of vote against de Gaulle.

1965-71: Leads successive federations of left-wind

political groupinga. 1971: Forms modern Socialist party, serving as its

first secretary for 10 years.

1974: Runa again for presidency, receiving 49.2 per cent of vote against Valery Giscard d'Estaing.

1978-81; National Assembly deputy.

with 52.2 per cent of the vole.

1981: Elected president, defeating Giscard d'Estaing

rose from 20.8 per cent in 1973 to a peak of 37.3 per cent in Yet until the flowering of his presidency. in the late 1980s, Mitterrand's personal standing did not match his position as party leader: during most of the galley years. he was dogged hy his reputation as a hrilliant and Machiavellian pol-

On the subject. of cohabitation with the Right in 1986: 'Like cats, we sleep with one

itician. who was not necessarily to be wholly trusted, and whose career appeared to have been marred hy some damaging incidents and political faux pas. Some critics reproached him for having worked for the collahorationist war-time Vichy regime during the brief period between his escape from prisoner-of-war camp in Germany and his engagement with the Resistance.

Others hlamed him for having espoused the cause of Algérie Française during the murky melodrama of the Affaire de l'Ohservatoire, in which he was tainted hy alle-

gations of having connived in a phony assassination attempt.

But Mitterrand made his Mitterrand's original electoral programme. Very rapidly after most serious strategic hlunder during the évènements of May 1968, when he clumsily attempted to take advantage of Mitterrand was fiercely criticised, mainly hut not exclu-slvely hy the bourgeoisie and the mass protests against the government of President de the conservative opposition Gaulle, hy offering to take power in his place. parties, for his headlong intro-

parliamentary elections.

leaving power in May, 1995.

elections.

mes Chers Compatriotes.

The last televised New Year's message as president.

1986: Has to accept Jacques Chirac's conservatives

in government after Socialists lose parliamentary

1988: Re-elected president, defeating Chirac with

53.9 per cent of vote; calls parliamentary elections

1991-92: Negotiates with European Community

holds referendum on treaty, which just scrapes

1993: Appoints Edouard Balladur to head

1994: Undergoes second operation.

conservative government after Socialists lose

partners the Maastricht treaty on European Union;

through: undergoes operation for prostate cancer.

1996: Dies, aged 79, at Paris office he occupied since

'France is

our country,

Europe is our

future' - 1992

earlier retirement for all.

which return Socialists to government.

Even after he hecame the uncontested leader of the French left, there were many who continued to doubt, during the mid-1970s, that he would ever quite make it to the top, even as a prime minister under some neutral president, let alone as a Socialist president in his own right. So when he defeated President Valéry Giscard d'Estaing in the 1981 presidential election, Mitterrand's victory was greeted with wild joy by the socialist half of the country, in exultation that the conservatives had finally heen evicted from

tion of socialist aspirations proved what many of his crit-ics had always claimed; Mitter-DOwer. Yet the paradox was that this original opponent of the rand might he a subtle lawyer. Fifth Republic had himself an impressive politician and a finally vindicated its legiticultivated man of letters, hut macy, hy demonstrating the he knew nothing about possibility and the accentabileconomics. ity of a transition from right to expenditure and popular pur-cliasing power triggered a left. Mitterrand was forced to endure that proof in reverse five years later, when the sharp acceleration of inflation, Socialist party was defeated in a runaway deficit of the bal-

the 1986 general elections, and he had to submit for two years long collapse of the currency. to cohabitation with a Gaullist Within two years Mitterrand prime minister, hefore his own was forced to ahandon the socialist economic programme for which he had been elected, re-election in 1988 and the return of the Socialists to govand he never attempted to ernment.

The Socialist defeat in 1986 return to it. was a direct consequence of The change of course, to an the partisan misjudgments of

country

events, Mitterrand's waning years in the Elysée proved a more sombre epilogue. He underwent a first operation for prostate cancer in September 1992, to be followed by a second in July 1994, while his par-ty's political health suffered badly, too.

In the March 1993 legislative elections, the combined Gaullist-Giscardian forces of the centre-right swept out of government a Socialist party whose economic policy was perhaps, in electoral terms, too rigidly in thrall to the austerity requirements of the distant goal of monetary union, and to whose perceived reputation for political corruption the president had contributed.

Mitterrand reacted hy distancing himself from many in his party. This might have been a contributory factor in the sui-cide of his last socialist prime minister, Pierre Bérégovoy, a month after his defeat in the 1993 elections. But Mitterrand no longer felt so close to a his 1981 presidential victory. party that in April 1993 came briefly under the control of his long-time rival, Mr Michel Roc-ard. The latter. however, came unstuck when he led the Socialists in the June 1994 European Parliament elections to their worst defeat since the 1960s, scoring only 14.5 per cent of the vote. The resulting political vacuum in the Social ist party returned to Mitterrand some role in deciding whom the party might field to try to succeed him in the Elyduction of a long catalogue of sée in 1995.

old-fashioned and intemperate socialiat nostrums, ranging Weakened physically and from a sweeping programme of politically, Mitterrand played a less combative role in his secnationalisation, to increased public sector employment, higher public sector pay and ond cohabitation with a con servative government, partly because he picked the non-cop This unrestrained gratificafrontational Edouard Balladur to head it. But Mitterrand was still far from a figurehead president in his last two years of office. Interfering little la domestic affairs, he continued to play a significant part in foreign and defence policy.

Nowhere was this more evi-The vast expansion of state dent than in the continuance of his long partnership with Chancellor Kohl. This ensured that the Franco-German alliance remained the keystone of ance of payments, and a headboth countries' foreign policies. and enabled Mitterrand to huild on his central achievement, his contribution to the transformation of the EEC into a broad Union with far-reaching federalist potentials. See Editorial Comment

Ian Davidson

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economic policy of steadiness

toral victory; but in such an alliance, the Socialist party could draw votes both from the centre and from the Communists. So it turned out: from a

Algerian war. And there remains the unresolved and

eye open'

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NEWS: ASIA-PACIFIC

Politicians in rush to avoid top finance post

teres and the second second

Steering housing loan bailout through parliament will be priority for new minister, writes Gerard Baker

ith just a few days to go before Mr Ryu. Mr Takempra has tarn Hashimotn's widely expected elevation to the prime miniatership of Japan, members of the three coalition parties are engaged in a scramble for the top jobs in the new cabinet.

.

After his probable election nn Thursday, Mr Hashimoto plans to construct a cabinet with representation from each of the three coalition partners. But there has been some-thing different and rather curinus about the battle for jobs on

this occasion. No one, it seems, wants to be finance minister. The current reinctance of coalition members to volunteer

for what ought to be one of the most attractive portfolios in the government of the world's second largest economy is understandable. The vacancy comes with one of the most unattractive immediate duties: the need to steer the politically explosive housing-loan bailout plan through parliament.

The bailout, at a cost to the taxpayer of more than Y685bn (£1.35bn), is deeply unpopular. It will be fiercely opposed by the oppositinn and even by some members of the coalition parties; it may yet require much political bloodistting before it is allowed to pass into law as part of the fiscal 1996 budget by the end of March. So it was that politicians and party officials spent the weekend in an especially lethal

game of pass the parcel. Within hours of Mr Tomiichi Murayama's resignation as prime minister last Friday, ths

current incumbent at the finance ministry, Mr Masayoshi Takemura, announced

Mr Takemura has already the LDP's favoured aclution was for a socialist to take the come in for criticism over the bailout plan, and seems to reins. LDP strategists argued have been only too pleased to take the apportunity to spend more time with his New Harbinger party, the smallest member of the coalition.

But Mr Takemura's departure presents a serious political problem for the Liberal Democratic party of Mr Hashimoto. It is the largest party in the coalition, but it suited the LDP to have one of the smaller parties take the finance portfolio. The LDP is especially vulner-

able on the question of respon-sibility for Japan's financial woes, because it was succes-sive LDP governments in ths 1980s and early 1990s that pur-sued the policies and permitted the administrative negligencs ter. that allowed the bubble economy to inflate out of control. It was in that period that reckless lending hy the hons-ing loan companies, or *jusen*, sowed the seeds of their col-

lapse last year.

writes.

quoted as saying.

the Social Democratic party was the nnly party with a clean political record on the jusen question, since it had not held office in the bubble period. An SDP finance minister would therefore be in a stronger position to whip the legisla-tion through, and would also be more likely to succeed in

With Mr Takemura going,

bringing along the recalcitrant embers of his own party. Briefly, Mr Wataru Kubo, Ryutaro Hashimoto, right, Tomiichi Murayama, centre, and Masayoshi Takemura yesterday SDP secretary-general, was flagged by some LDP officials appeared to leave the LDP with for the job. But the SDP leader no choice but to grasp the net-tle. But whn would take on the unenviable job? It needed to be ship saw the danger. "We will accept any job in the cabinet except that of finance minisan SDP official was

The SDP's popularity has plummeted in the past two years, and there would be few surer ways of reducing it further than for it to be implicated in the jusen mess. That

someone of seniority and stature commensurate with the delicate nature of the post, but again there appeared to be few willing victims. One Sunday newspaper reported that Mr Seiroku Kajiyama, a former secretarygeneral of the party, had been

refused. The next in line appears to be Mr Hiroshi Mitsuzuka, also a former LDP sec-

retary-general. Mr Hashimoto himself, who was finance minister from 1989 to 1991, is under increasing attack for his own role in the jusen débâcle. During his term of office, the ministry made a number of crucial errors,

prevailed on to step up to the including ordering leading plate. But yesterday he too banks to cut property-related lending while leaving the jusen free to carry on with theirs. In an attempt to secure snpport for the bailout, the coali-

tion yesterday reaffirmed its commitment to investigating the causes of the mess and to pursuing those deemed responsible. It is a promise that may yet come back to haunt Mr Hashimoto.

CURRENT ACCOUNT SURPLUS FALLS LESS THAN ECONOMISTS HAD EXPECTED

Japan's politically contentious current account surplus shrank for the third 1994.

month in a row in November, providing more evidence of its growing appetite for imports, William Dawkins The surplus declined by a less than expected 36.5 per cent from the same

month the previous year, to \$7.01bn, according to preliminary figures from the finance ministry. Economists had expected the surplus to fall further, on average to about \$6.6bn.

But they were surprised by a smaller than expected shortfall on the services account of \$367m, less than half the

\$804m services deficit in November

A sharper than expected rise in investment income more than outweighed an increase in the deficit on foreign travel, said ministry officials. The deficit on the long-term capital account narrowed sharply, from

\$17.6bn to \$8.9bn over the same period, caused by increased buying of foreign bonds by Japanese investors. The surplus in manufactured trade, meanwhile, dropped hy 24.3 per cent year-on-year to \$8.28bn. Exports rose

hy a mere 1.4 per cent to \$33.87bm, a sign of the lack of growth in Japan's main foreign markets. Within this. car exports plunged by 18.3 per cent and telecommunications equipment by 14.4

per cent. Imports continued to race ahead, by 13.9 per cent to \$25.6bn, despite the weakness of Japan's domestic economy.

Purchases of foreign goods were distorted by an unusually large increase in aircraft imports. But the underlying trend, as in previous months, is for continued growth in imports of manufactured goods, such as computers, imports of which nearly doubled; office equipment, where imports rose by 83 per cent and electronic components, said the ministry.

Research Institute.

omy.

1997.

The rise in imports is a sign of a change in Japan's industrial structure, as well as the price advantage accorded to foreign goods by the yen's strength. argued economists in Tokyo. The growing number of Japanese companies to replace local production with imports from low cost overseas plants suggests that the surplus will continue to decline even if the yen weakens substantially, said Mr Masaru Takagi, chief economist at Fuji

ASIA-PACIFIC NEWS DIGEST Indonesia raises

minimum wage

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Indonesia will raise its basic minimum wage by an average 10.63 per cent nationwide from April, two percentage points higher than the 1995 official inflation rate of 8.64 per cent. Mr Abdul Latief, manpower minister, urged workers not to react negatively in the increase, adding he hoped a "more meaningful" rise could be introduced in 1997. Last year's increase averaged 18.6 per cent. The national average wage is Rp4,073 (\$1.90) a day against Rp 3,711 in 1995. "The rise is the maximum which can be reached at this moment," Mr Latief said, referring to the government's attempts to avoid the economy overheating and in promote non-oil exports.

Last year, strikes and labour riots occurred around the country as workers protested against employers they alleged were not paying the new minimum wage. "Workers have the right tn strike bnt I ask them not to take such actinn, but to consult beforehand with the leadership of companies," Mr Latief said. "I also ask the leadership of companies to understand workers' requests". Manucla Saragosa, Jakarta

Beijing brewer takes over rival

The advance of the concept of bankruptcy in China moved a step forward after Beijing Yanjing Beer Group completed the first takeover in China's capital of a debt-ridden state enterprise. Yanjing Beer, which produces Beijing's most popular beer, agreed last September to acquire its bankrupt competitor. Huasi Beer Group, and tn pay off Its debts in return for taking over its property. "We are both state-owned," said Mr Ding Guangxue, Yanjing manager. "This does not mean we do not bave to pay for its assets. We are paying off its debts as a way of buying its assets." Yanjing began production from Huasi's plants on Saturday after a three-month restructuring. It agreed to take on all Huasi's Reuter, Beijing

Indian red tape criticised

India's state appointed Planning Commission has criticised the government's implementation of economic reforms begun four years ago, saying foreign investors still need to fight through too much red tape. "Even after four years' reforms, a private investor has to secure at least 39 clearances to roll a project," the Economic Times on Monday quoted a mid-term review by the commission as saying. "The government should concentrate on paring the revenue deficit rather than reducing the fiscal deficit. Once the revenue deficit is tamed, fiscal deficit will be taken care of." The fiscal deficit has been independently forecast by various trade bodies at around \$23bn in the year to March, higher than the government projected figure of \$18bn. AFP, New AFP. New Delhi

Strike idles Bangladesh business

Bangladesh was virtually paralysed on Monday when a 48-hour general strike called by opposition parties took hold across the country. No transport except rickshaws plied the streets. Trains stood idle and most ferries stayed at anchor. Airport officials said domestic and international flights were likely to be cancelled or delayed. Most offices and businesses were closed. Ministers and senior bureaucrats were escorted to work by police. The country's main port of Chittagong was paralysed but the other port at Mongla was partly operating, officials said. Reuter, Dhaka

Talwan's trade surplus in December last year was US\$1.29bn, up 73.1 per cent from the same period a year ago, the finance ministry said. The trade surplus in the whole of 1995 was US\$8.12bn, up 5.4 per cent from 1994. *Reuter, Taipei* China collected Yn69.87bn (\$8.4bn) in customs duties, value added tax and consumption taxes on imports in 1995, the official People's Daily said yesterday. The official target was Reuter, Beijing

Taiwan protest at | UK 'to back HK after handover' treasures on tour By Simon Holberton in Hong Kong

By Laura Tyson in Taipei

Protests have thrown into jeopardy a rare tour of priceless Chinese artworks in the US set to begin in March, in

motive for the tour was to enhance Taiwan's diplomatic status.

to stand up for Hong Kong'a interests after its transfer to The tour is set to run for China next year. Mr Rifkind indicated that more than a year, in New York, Washington, Chicago and San Francisco. The last Britain's "special obligation" to Hong Kong meant it would

questions before Hong Kong's Legislative Council (LegCo), he sought to counter the impres-Mr Malcolm Rifkind, UK sion of Britain's irrelevance in

Hong Kong affairs. foreign secretary, yesterday pledged Britain would continue Bnt, in applying increased pressure to Beijing, he made it plain Britain's only means of achieving its aims were those of persuasion. "I cannot suggest to yon we have a physical

Mr Rifkind indicated that he

would warn China's leaders on

the outlook for Hong Kong. He had detected "significant con-

cerns, genuine problems of

power," he said.

ident, Prime Minister Li Peng, Mr Qian Qichen, foreign minister, and Mr Ln Ping, head of Hong Kong affairs.

Not since Mr John Major, the UK's prime minister, travelled to Beijing in 1991 has a British politician been received by so many senior leaders, an indication Beijing wants better relations. Mr Rifkind dismissed

suggestions his meetings

might be overshadowed by a

UK television programme about orphanages in China. In LegCo, he made it clear

Britain did not feel obliged to

take Vietnamese boat people

still left in Hong Kong at the end of British rule. He told leg-islators the UK would do its best to see an estimated 22,000

boat people at present in Hong

Kong repatriated, but that was up to Hanoi. "It is a Hong Kong problem and comes within the concept of auton-

The foreign secretary's comments angered legislators who said that in 1979 the British

government had forced Hong

Kong to become a refugee col-

ony for the Victnamese. The

comments are bound to ange

Beijing, which regularly calls

on London to assume responsi-bility for the boat people in the

event all are not repatriated by

In none of Britain's diplo-

matic contacts with China had Beijing said it had accepted a

recommendation to water

down the Hong Kong Bill of

Rights, Mr Rifkind edded.

what would be the first such overseas exhibition in more than three decades. Writers, artists and politi-

cians demonstrated outside Taipei's National Palace Museum at the weekend, charging that some of the works were extremely fragile and could be damaged during the tour. Protests centred on 27 paintings and calligraphy from the Sung and Yuan dynasties (960-1368AD), "national tressures" displayed for 40 days once every three years and not permitted to tour in Taiwan. Mr Chin Hsian-yi, the

museum director, was asked to appear before the legislature yesterday. Mr Chin had earlier said he would refer the matter to Taiwan's cabinet for a final decision. He asked that the Control Yuan, a high-level government watchdog agency, investigate allegations that the



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time the museum allowed artoffer refuge to Hong Kong works to go overseas was in political dissidents if needed. 1961, when the same collection was shown in the US.

politan Museum of Art after

three years' negotiations, e

total of 475 works (145 master-pieces of painting and calligra-phy and 330 antiquities) will be

The National Palace Museum

of mainland China in 1949.

included in the tour.

He also was "very willing" to look at legal avenues, such as the World Court, if China in the past, Taipei would not allow pieces from the museum breached the 1984 Sino-British collection to travel overseas for Joint Declaration, the treaty fear Beijing might try to seize which provides the legal basis them, using the claim they were "stolen" from the mainfor Hong Kong's reversion to China in 18 months. land. Under an agreement signed with New York's Metro-

confidence" and "genuine uncertainty" about the future. The foreign secretary travels to Beijing today to meet Chi-na's leadership. He is due to

In a 75-minute session of see Mr Jiang Zemin, state pres-

Suzhou offers Singapore-style gate to the Chinese market

houses the world's biggest col-lection of Chinese art. The works were brought to Taiwan Development zone draws on island's formula for economic success by the Nationalist government before the communist takeover

t Jurong town in Sing-apore a missionary zeal pervades the local corporation'a headquarters. The 63 sq km industrial zone, feted by Singapore as the island state's recipe for economic development, is cloning itself to create what has widely been dubbed "little Singapore" in China.

Described by Singaporean officials as a "software trans-fer" programme, the island state's government is setting up a US\$20bn replica of Jurong at a 70 sq km joint Singapore-Chinese township in Suzhou, 110km west of Shanghai. Alert to Chinese sensitivity

on questions of economic sovereignty, government officials discourage the use of the term "little Singapore". Investors at the Suzhnu industrial park, however, which was launched in 1994 and has attracted US\$1.4bn investments to date, say it is explicitly modelled on its Singaporean parent. "Singapore is the last of the

four little dragons' to invest in China," said Mr Zhang Xin Sheng, mayor of Suzhou and a graduate of Harvard Business school. "But it has been the most thorough and rational of all the dragons. We look at Singapore and then at Hong Kong's zoues in southern China and we say we prefer the Singaporean approach. It is more disciplined and it is based upon social order."

eventually have s population of 600,000, has launched an The township, which is located next to the (almost aggressive drive to persuade multinational companies with completed) Nanjing-Shanghai highway and is less than two regional headquarters in Singapore to choose Suzhou or Wuxi hours from Shanghai port, is - a smaller Singaporean industhe only economic zone in trial park 50km further down China majority owned by a forthe Yangtse valley - as their base in China. eign government. Mr Lee Hsien Loong, Singapore's deputy prime minister, and Mr Li Lan-quing, Chinese vice-premier, So far more than 40 companies, including Seagate, Sie-

mens, Sumitomo Electric and have agreed to meet annually RIR Nabisco, have responded

sealed.

enjoys good social order and is to the offer. Many of these companies have also set up well-managed. We should tap production plants on the Indotheir experience and learn how to manage better than them," ian island zones of Bintan and Batam facing Singapore he said. Mr Deng's remarks were widely interpreted as a veiled criticism of Hong Kong's which are under the joint management of the island state. laissez-faire system. Singapore is also in negotiations with the government of Singapore's more integrated Vietnam to set up a similar and state-led approach to economic development is reflected in the ownership structure of industrial zone near Ho Chi Minh City in the south. "The Suzhou industrial both the Suzhou and Wuxi township is merely the biggest Singaporean joint venture in a industrial parks in the Yangise basin. Most of the island state's series of industrial parks leading government owned coraround the region," said Mr

porations, including Singapore Technologies Industrial Corp Lim Swee Say, managing direc-tor of the Economic Developand Jurong Town Corporation have a stake in the joint venment Board in Singapore. "We are deliberately regionalising tures. In both cases the Chiour manufacturing operations in order to remain competinese municipal authorities retain 35 per cent ownership. This is an experiment

The Suzhou anthorities which will not fail," said admit that the capital costs of Mayor Zhang. "Mr Lee Kuan installing reliable power and Yew [Singapore's senior miniswater supply in the zone as well as training Chinese offiter] himself has said that Singapore would view it as a per-sonal failure if the industrial cials in Singapore means that the Suzhou township is more park did not succeed. We take expensive than other economic this to be e sign of absolute zones around China. Suzhou confidence in the venture." authorities argue, however, Whether foreign investora that foreign investors prefer

show as much confidence in the reliability of the Singapothe Suzhou township as Beirean administrative machine jing and Singapore is another to the often chaotic approach matter. Companies that have found elsewhere in China. already invested in the two Chinese officials, including industrial parks, however, say Mayor Zhang, who was that the proliferation of variappointed to run Suzhou by the state council in Beijing, ous technological and economic zones throughout the say that the Chinese govern-ment is monitoring the induscountry means that zones are increeeingly competing on quality of management rather trial township closely with the view to replicating the formula than cost.

Multinationals accustomed Government officers associto the Jurong Town Corporaated with the project are fond tion's dirigiste management style in Singepore say that they made their choice when they moved to the island state. of repeating a quote from Mr Deng Xiaoping, China'a octoge-narian leader, made on a visit to Shenzhen (the fast growing

Edward Luce

ENERGY TRADING SOFTWARE

Request for information, closing 26 January 1996

Information is requested from organisations able to provide (in part or whole), a suite of integrated, yet independent, modules that support the energy trading business within our organisation in a flexible, adaptable and cost effective manner.

It is envisaged that the system(s) will support energy trading in the following areas:

- Sales contracts and pricing,
- Purchase contracts and portfolio optimisation,
- Settlements,
- **Contract customer billing** calculation,
- Forecast pool prices,
- Forecast energy and load profiles, and
- Management reporting.

A document outlining requirements and further information can be obtained by contacting

Cerrianne Yeend +61 2 269 7268 or +61 2 269 7275 (FAX)



With as 300

progress. Officials on both sides say that the zone's gov-

ernment-to-government impri-

matur is the firmest guarantee

of foreign investor confidence.

have paid for our business

licence and for our land use

rights in the township there will be no unexpected hic-cups," said Mr Laurie McColl, chief executive of RJR Nabis-

co's biscuit plant in Suzhou.

"Elsewhere in China 'hidden

costs' tend to crop up just

when you think the whole

thing'e been signed and

The township, which will

"We know that when we

to monitor the township's

tive.'

elsewhere in China.

zone on the border with Hong

Kong) in 1992. "Singapore

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NEWS: THE AMERICAS

Shutdown backlog delays US visa applications

By Richard Adams

There were long queues and delays yesterday for those seeking US visas as embassies reopened after a threeweek shutdown.

Bad weather prevented federal employees returning to work in Washington but embassy staff around the world were back at their desks after the interim budget deal last week by Congress and the White House. But the long shutdown, the result of

Guatemala

Guatemala City.

Rios Montt.

an impasse between the White House and Republicans in Congress over the federal budget, will mean long waits for those needing to work or study in the US.

The US embassy in London turned away all applicants without previous appointments yesterday, while its telephone appointments service (a premium-rate line) was busy all day. An embassy spokesman said all current appointments would he valid, while those cancelled during the

65

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enforced closure would be rescheduled. No new appointments are available before the start of next week. Mr Andrew Ferris, a British student

waiting to renew his visa, said he was told hy embassy staff: "We hope people will complain as much as possible so Congress gets to hear about this." The interim back-to-work formula, which restores funding for some federal services, is to expire on January 26. After that, a broader budget agreement or a further stopgap measure

Arzú leads Argentina tackles 'Wal-Mart effect'

Comer shops

would be needed. So, embassies may by yesterday morning. close again before clearing the current visa logiam.

In Germany, where US officials deal with 8,000 applications a month, there were openes in Bonn and Berlin, In Bonn, an embassy spokesman said there were queues outside, but that it was "too cold for fights to take place". Brazilians wanting to travel faced long delays. In São Paulo, applicants

began to queue on Saturday and the line stretched around two city blocks

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1990 91 92 93 64 95 95

Source: Orlando Ferneres, Alpha

Argentina since it liberalised its economy in the early 1990s,

industrial goods. Quality and

price were not of great impor-

tance in a market with little

outside competition and price-

In the retail sector, "there

distorting inflation.

unter price inflation (annual % change)

--- 1,500

1,000

In Turkey, potential applicants were asked by the embassy in Ankara to wait a week, allowing staff a

chance to clear the backlog. Two hundred hardy South Korean applicants were waiting in sub-zero temperatures outside the embassy in Seoul yesterday morning.

But no delays were reported at the Tokyo embassy, where all applications were cancelled when the US government closed on December 15.

AMERICAN NEWS DIGEST

Strong growth for Brazil cars

Brazil's car industry yesterday announced another record year and industry leaders predicted further growth this year to confirm the country's position as one of the fastest growing car markets in the world.

Domestic sales increased 13 per cent to 1.36m vehicles, while total production, held back hy sluggish exports, increased 3.4 per cent to 1.64m units.

Mr Silvano Valentino, president of the Brazilian vehicle manufacturers' association, predicted further growth of 5 per cent for the domestic market this year and a slight recovery in exports to put total production at 1.7m-1.9m units. This would mark the sixth successive year of growth for the industry. whose production has increased about 80 per cent since 1990. Production is expected to rise further towards the end of the

decade as several new car plants come on stream. The industry remains confident of increasing annual output beyond 2m units by 2000.

The two black spots were exports, affected by the economic slowdown in such markets as Argentina and Mexico. and agricultural machinery, where domestic sales fell by 50 per cent following a sharp recession in the farm Angus Foster, São Paulo sector

Mexico 'recovering'

Mexico's economy "has begun to recover". according to Mr Jean-Claude Paye, secretary-general of the Organisation for Economic Co-operation and Development. On a short visit to the coontry, he predicted that, despite a difficult first quarter, Mexico's gross domestic product would grow by 3 per cont this ways while the inflation attenues would

grow by 3 per cent this year, while the inflation rate would be 20 to 30 per cent.

The Mexican economy is thought to have contracted hy some 7 per cent last year after a devaluation of the currency, but Mr Paye said that be took heart from recent upward trends in unemployment, private consumption and Daniel Dombey, Mexico City investment.

Trinidad ex-PM under pressure

Mr Patrick Manning, the leader of Trinidad and Tobago's opposition People's National Movement, is under increased pressure to resign after a rebellion led hy the party's three deputy leaders. They are unhappy with his handling of the general election last November.

Mr Manning, then prime minister, called the election a year before it was due. He was forced into opposition after the United National Congress and the National Alliance for Reconstruction joined forces to form a government with a two-seat parliamentary majority.

Mr Manning is refusing to resign. PNM officials say the rift caused by the resignations of his three deputies could split the Canute James, Kingston party.

Longer UN stay in Haiti

A UN multinational force which has been assisting local police in Haiti is likely to stay after its current mandate expires at the end of next month, following a request to the UN by Mr René Préval, Haiti's president-elect.

The size of the force, now 6,000, will be reduced, however, as the US contingent of about 2,000 has already started to pull out. Mr Préval's request went to UN officials at the weekend. It followed indications over recent months that Haiti's new civilian police need more training to deal with sporadic street violence. If the UN agrees to the request, the force will stay until the end of August. Canute James, Kingston

poll race t is already being called Pro-business candidate Mr Alvaro Arzu edged into the lead yesterday in Guatemala's presidential election, ahead of his populist rival Mr Alfonso Portillo, Reuter reports from

With more than 90 per cent of the vote counted officially after the poll on Sunday, Mr Arzú led with 51.84 per cent, to 48.16 per cent for Mr Portillo. The latter is seen as the front man for the former military dictator, General Efraín

Only 37 per cent of eligible Guatemalans voted in the second round run-off, kept away hy bomb threats, dirty tricks and a disillusion with both candidates

Mr Arzú began unveiling his plans for government yesterday, with promises to rein in the powerful army and respect human rights.

"We will not allow the army or any other nucleus of power in the country to act beyond their boundaries and the role for which they were created," he said. "The government we head will bave absolute respect for human rights." He said his National

Advancement Party (PAN) would immediately introduce a 180-day plan to tackle the soaring crime rate, a main concern of voters.

Mr Portillo, a lawyer and economist, said he was going to his native province of Zacapa to drink beer with his friends. "We will play a constructive role in opposition. We had the whole system against us ... and we nearly woo the presidency."

Argentina: shopping around the "Wal-Mart effect". The recent arrival of the US Participation in food sales (%) discount retailer, in a year of sharp recession, has encapsulated two important trends in the rapidly restructuring Argentine economy: industrial concentration and deflation. "How much is that?" is not a phrase one hears often in Buenos Aires. Most Argentines,

whose sense of monetary value has been distorted by half a century of high inflation and an overblown sense of their own wealth, are not habitual comparative shoppers. That is, until now. Last

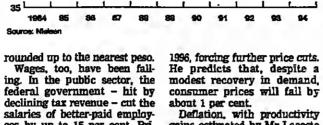
year's credit crunch, which caused gross domestic product to drop by an estimated 2.5 per cent, conpled with record unemployment, has made Argentine consumers very cautious. In 1995, after a four-year shopping spree spurred by the 1991 slaying of hyperinflation, demand dropped an estimated 5.4 per cent.

The opening last October of the first Wal-Mart had bargainhunters galore to see whether the new store could beat the prices of its rivals in Argentina, Carrefour of France and Jumbo of Chile. The phrase "price war" entered the country's conversation.

Now automakers, which for years have sold overpriced cars on a captive market, have reacted to plummeting demand by slashing the prices of new cars by up to 40 per cent. Rents have dropped hy as much as a quarter, while leaflets offering discounts on haircuts to steak dinners litter the pavements. Cabhies say customers now ask for their change, no longer He believes that consumers

prepared to see their fare

BUSINESS OPPORTUNITIES



markets/self-service stores

ees by up to 15 per cent. Private companies, snch as the automaker Ciadea and Aerolineas Argentinas, the flag-carrying airline, bave trimmed pay packets or demanded longer working hours for the same money.

Consumer price inflation fell to 1.6 per cent in 1995, a year with four months of negative inflation. When prices fell by 0.4 per cent in March, that was the first deflation in 20 years. The price squeeze came despite very high commodity prices and the fact that value-added tax was raised by 3 percentage points. With those factors debts harder to collect. taken out, says Mr Pedro Lacoste of the Alpha economic consultancy, deflation of 2-3 per cent occurred in 1995.

will remain very reticent in

says Mr Fernando Navajas, of consumer prices will fall by the FIEL economic think tank. Argentine industry had Deflation, with productivity become very fragmented after gains estimated by Mr Lacoste half a century of protection. at 6 per cent a year since 1991, Small factories turned their hand to making consumer and

are helping to make Argentine products more competitive abroad. Last year, exports grew by about 30 per cent and there should be a further rise of more than 10 per cent this year.

David Pilling finds that keen competition and low growth are raising unemployment

was an overabundance of small But deflation brings dangers of spiralling recession, as conshops," says Mr Carlos Pacisumers delay purchases. Most arotti, director of institutional economists are predicting, at relations at the Disco superbest, very modest growth of market chain. "Anyone could about 2 per cent this year. he a hutcher, a grocer or a Also, tumbling prices are not positive for the financial secbaker. This can't go in a country that's trying to become tor, reducing the value of a bank's portfolio and making serious and developed."

the past decade, and especially There may be difficult consein the last four years, has put qnences of a second Wal-Mart tens of thousands of small effect - "part of the phenomeshopkeepers oot of husiness. In non of economic concentra-1984-94, the participation of supermarkets and self-service tion" that has swept through

stores in total food sales rose from 43.6 to 62 per cent, according to one study. The trend was almost certainly accelerated last year.

"Argentina is changing its course, its history," says Mr Paciarotti. "In this transformation, there are those who are left by the wayside and those who benefit. It's not a question of sentimentalism but of economic reality."

Mr Navajas says supermarket growth reflects the "formalisation of the Argentine economy." Big supermarkets pay taxes; small shopkeepers generally do not, he says. From the fiscal perspective, such concentration brings

spectacular results." Greater efficiency and lower prices are also yielding high unemployment. In the past four years, as inefficient businesses have been weeded ont, the jobless rate tripled to 18 per cent before edging downwards, For decades, Argentines had taken near-full employment for granted.

Mr Eduardo Duhalde, the powerful governor of Buenos Aires province, believes that productivity gains can be too much of a good thing. In a recent speech, he advocated the ahandonment of job-destroying machinery and the return to the pick and shovel to get Argentines back to WOTE

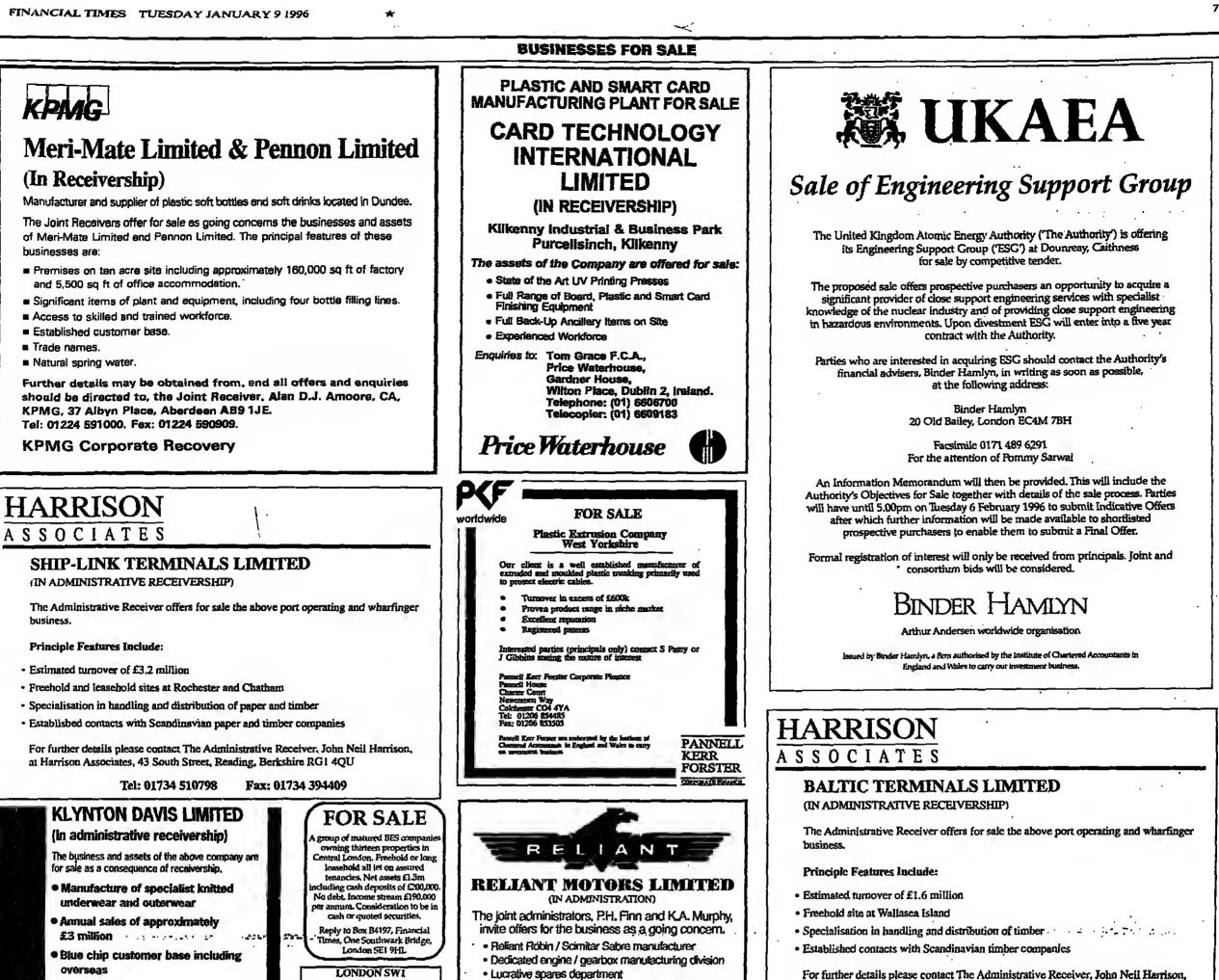
But Mr Lacoste says: "Competition, concentration and The rise of supermarkets in reduction of prices" will prevail. "We're still in this wave. Whether, in two or three years time, we will slow the process because of the negative social implications, it is too early to say.

CONTRACTS & TENDERS



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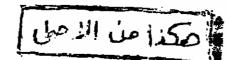
Skilled workforce





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NEWS: INTERNATIONAL

Britain defends US troops offered to guard Golan Israeli

industry posts for diplomats

By Bruce Clark and Roula Khaiaf

The UK government bas defended its practice of encouraging certain diplomats and civil servants to take up nonexecutive directorships in the private sector where their expertise could be relevant.

The issue provoked controversy after it emerged that Mr Andrew Green, head of Middle East policy at the Foreign Office and ambassador-designate to Saudi Arabia, is nn the board nf Vickers Defence Systems. The company is a ubsidiary of Vlckers, which is bidding to supply Challenger tanks to Saudi Arabia.

Mr George Galloway, the nppositinn Labour MP who has led criticism of the British government nver its pulicy in Saudi Arabia, said he was writing to Mr Malcolm Rifkind, the fnreign secretary, in protest strangly aver Mr Green's involvement with Vickers.

The MP said he wanted an end to the "dnuble hatting" of diplomats in such sensitive areas as defence and full publication of the rules governing public servants' involvement in the private sector.

However, a Foreign Office spokesman insisted the appointment of Mr Green to the Vickers board was per-

fectly legitimate, in line with a policy of encouraging the civil rvice to offer skills to private industry. He said added one other senior diplomat, and over 30 seninr figures in other civil service branches, were combin-ing their public-sector duties with non-executive director-

ships in the private sector. The number of diplomats who combined active duties with directorships had been as high as six.

The Foreign Office said Mr Green had taken up his directorship in spring 1994, around the same time as he took charge of the Middle East department, hut he would give up the Vickers jnb before heading for Riyadh.

By Julian Ozanne Mr Gallnway said he

remained unimpressed by the justifications offered by the One independent candidate likely to get elected in next Foreign Office. Meanwhile a week's Palestinian elections is well-placed observer of British Mrs Hanan Ashrawi, the for-Mr Green's appnintment to Vickers followed complaints mer Palestinian peace negotia-tor and critic of Palestinian leader Yassir Arafat's human that the Foreign Office was too rights record.

remote from industry's needs. Mrs Ashrawi is running for a Sir Michael Alexander, forreserved Christian seat in mer UK ambassador to Nato israeli-occupied Arab East Jerusalem and her candidacy highlights two of the most whn now works at the investment bank Wasserstein Perella, said temporary secondimportant issues of the camments from the Foreign Office paign: the extent to which Palwere common, but "it wasn't the practice" in his career to estinian voters will back critical voices in the new hold both functions at once. legislative cnuncil and the

emerging Palestinian battle for the future of Jerusalem, However, several factors count against Mrs Ashrawi; she is not from a prominent family, she is female and has **Dominica** opposition had little pulitical history before her emergence as the Palestinian spokeswoman at the 1991 Madrid peace talks. Bnt she is widely respected. among both Christians and Moslems, for her integrity, honesty, and ability to stand up to Mr Arafat.

ties, either in Saudi Arabia or Mr James also rejected oppo-sition suggestions that his government was the beneficiary of e "deal" with Britain, whereby Dominica would receive aid in return for accepting Mr al Mas-

saari. He said the move had been initiated by Britain, which asked whether the island's government would consider an applicatioo from him for asylum, "should he so request" Mr al Massaari said at the

weekend that he was unlikely to end up living in Dominica. He is appealing against his ad hy th

By Julian Ozanne in Jerusalem Syrian-Israel peace talks. Israel has insisted that once it with-Mr William Perry, US defence draws from the Golan Height secretary, yesterday said that Washington was willing to stain return for full peace with tion American troops on the Israel it should retain an early Golan Heights to guarantee a warning capability on the stra-

tegic plateau. But Syria has peace treaty between Israsl and Syria. "If the peace agreement firmly ruled out the possibility of Israeli troops remaining on hetween Israel and Syria is the Heights after implementareached... and if that calls for tion of a peace agreement. US troops might provide a compromise acceptable to both a peace monitoring force in the Golan beights and if both Israel and Syria request the US sides. to participate in that, we are prepared to do it," Mr Perry said during an official visit to

Israeli peace negotiators who returned to Israel at the weekend from talks with their Syrian counterparts in Maryland

Arafat critic eyes victory

The need to curb Mr Arafat's

anthoritarian governing style has emerged as an issue in the

"What we need is construc-

tive criticism. We need a coun-

cil which does not act as a rub-

ber stamp. We need criticism

and honesty, an alternative

voice and agenda and work ethic and we need to create a system based on moral values,

accountability, merit, capabil-

ity and experience which is efficient and above board and

capable of safeguarding basic

rights and freedoms," Mrs Ash-

Mrs Ashrawi'a campaign

in Palestinian election

The US offer bridges a gap in have told Prime Minister Shimon Peres that the two sides achieved important progress last week. Mr Uri Savir, chief Israeli negotiator, told Mr Peres that the Syrians had made their first firm commitment to a full vision of peace including the opening of diplo-matic missions, trade, regional economic relations and tour-

Mr Savir also reportedly told Mr Peres that Syrian President Hafez al-Assad was interested in reaching a peace agreement before Israeli elections scheduled October 29 and agreed with Israel that an Israeli-Syr-

Bank and Gaza Strip will have

to vote against Mr Arafat's Fatah faction and for other

independents such as Mr Hai-dar Abdel Shafi, the respected

former head of the Palestinian

peace team who is standing in Gaza. "The election will test

whather people will support

the party line, right or wrong, or vote for capable people of integrity they have faith in."

Mrs Ashrawi's campaign also highlights the importance of the future status of occupied

East Jerusalem which Palestin-

ians want as the capital of

their independent state and

Israel wants to keep under its

ian peace deal would serve as the basis for a regional peace agraament which would include most of the Arab states

Mr Warren Christopher, US secretary of state, is expected to arrive in Israel tomorrow to undertake a shuttle mission between Damascus and Jerusalem to thrash out an agenda for further talks. Mr Christo-

pher is expected to focus his diplomatic efforts on persuading Syria to increase its negotiating delegation to include a senior military official and a senior economic official to allow both aides to start

talking about details of security arrangements and economic relations. • The US has pledged \$200m over five years for the Arrow

project designed to intercept incoming missiles. Much of the Arrow's \$500m initial development cost was approved in the 1980s as part of the US Strategic Defence Initiative.

Its development was acceler-ated after Iraqi Scud missile attacks on Israel during 1991. Gulf war. Israel said a test launch of the missile last July had been successful and it could be operational within two years.

security chief resigns Israeli Prime Minister Shimon

Peres yesterday accepted the resignation of the head of Israel's security service. Identified nnly by the Hebrew initial Kaf, the Shin Bet chief stepped down two days after the death of a Hamas militant, Yahya Ayyash. No one claimed responsibility for the death of Mr Ayyash, who Israel said planned a series of bombings that killed almost 80 people since 1993. But few Israelis or Palestinians doubt the secret service was behind Friday's killing, an assassination which involved sophisticated technology and good intelligence. The killing of Israel's most wanted Palestinian has allowed the chief of the Shin Bet security service to resign with hnnour in Israeli eyes, two months after the assassi nation of former prime minis-ter Yitzhak Rabin. Foreign Staff

FT man held

Diplomatic efforts were con-

tinuing last night to secure the release of Mr Paul Adams, the

Financial Times' Nigeria corre-spondent, who has been

detained since Thursday by the country's State Security Ser-

vice. Mr Adams was arrested

on Thursday morning in Bori,

the main town in the oil-produ-cing area of Ogoniland. He was

then taken to Port Harcourt,

Mr Adams was on e report-

ing visit to the region, where

there have heen protests

against pollntion by the oil

industry, as well as demands that a greater share of oil reve-

nue go to the local Ogoni peo-ple. Nine Ogoni leaders, includ-

ing the writer Ken Saro-Wiwa,

were executed in November after being found guilty of murder of local chiefs. An offi-

cial from the British High

Commission in Lagos flew to

Port Harcourt yesterday for a

30-minute meeting with him. Foreign Staff, London

G10 in private

sector plea

where he is now being held.

in Nigeria



Hanan Ashrawi: canable of standing up to Arafat Paula

the West Bank and the city. "The elections will show Israel it cannot extricate Jerusalem from the Palestinian

stituency and we will activate the council to make the issue of Jerusalem the main priornation and in the future we ity," Mrs Ashrawi said.



By Deborah Hargreaves Government agencies and charities will be able more

accurately to target areas of the world at risk of famine and food deficiencies with a new computer programme being developed by the Save the Children Fund.

The programme, to be launched in September, provides maps of world food needs based on extensive local know-

wheat stocks have fallen to their lowest for 20 years. This means much smaller amounts of grain are available for food

aid to poor countries. -Britain's Princess Anne. president of the Save the Children fund, told the Oxford Farming conference in the UK last week that African families faced greater food insecurity than at any time during the past decade. The US has forecast food aid needs will double

Holt, risk mapping adviser to the charity, said. The computer model takes traditional government calcu-

lations about food deficienciesone step on by including the fund's own extensive database of information on household budgets in poor areas and the measures people take to sur-vive drought and bad harvests. It can be programmed with relevant information abont rainfall, crop production and

selling livestock or firewood, or casnal labour, and what resources they have to fall back on in times of hardship. The programme also notes lack-

of emergency food aid to cover a shortfall in the South Wollo of market opportunities if war or local tensions occur. region of the North-east High-The system then makes calculations about the impact of a lands. The risk map programme measured the percentchange such as a shortfall in age of population affected by food deficits, along with the food production. It makes maps of parts of the population affected by a food deficit and size of household food stocks. It found a considerable its severity in different areas.

stocks or other resources," Ma Holt said.

grain.

Last year, the fund analysed requests from the Ethiopian government for 61,000 tonnes

G10 central bankers yesterday endorsed a report by New York Federal Reserve president William McDonough calling for greater private sector involvement to reduce risks of a breakdown in the international payments system deriving from foreign currency transac-

tions.

By Canute James in Kingston and Roula Khalaf in London

The npposition in Dominica has rejected an agreement between the Caribbean island government and Britain to accept Mr Mohammed al Mas-Ma aari was not involved in any criminal or terrorist activisaari, the Saudi dissident, saying It would harm relations in Britain.

Asylum offer irks

with Saudi Arabia. Mr Brian Alleyne, the opposltion leader, said Mr al Massaari's presence on the eastern Caribbean Island would be "unwise," and could "embarrass" the country.

However, Mr Edison James, the prime minister, said there was no cause for concern and that the offer of asylum would not upset any possible development of relations with Saudi Arabia

Mr al Massaari, who had sought political asylum in the UK, was offered asylum by report on January 19 for deportation to Dominica.

given 10 days to appeal or else The prime minister said be had been assured by the Britlsh government that Mr al

platform focuses on raising these principles. She is also adamant on the need for meritocracy and professionalism to characterise forthcoming talks with Israel on final issues including borders, statehood, Jerusalem and Jewish settle-

rawi said.

jurisdiction. After the elec-tions, Israel will be faced with seven democratically elected

she said

ments. She also has a detailed programme of social reforms. Mrs Ashrawi is likely to get elected on the basis of her public stance and history. However, for her to be more than a lone voice in the new council,

representatives of East Jerusa-lem's 160,000 Arab residents. Furthermore, Mrs Ashrawi says, the elections will counter Israel's policy of trying to divide East Jerusalem from the West Bank. Israel has long sought to separate Palestinians

in East Jerusalem by giving them special status, offering them Israeli citizenship and Palestinians across the West closing the borders between will have a platform and a con-

to leave Britain when his application was refused. Mr al Massaari contends that his safety would be at risk on the island and that he would be unable to practice his religion. He was sanctuary.

for asylum in other countries. well as official statistics on He said that the flurry of pubagricultural production and clilicity surrounding his case and mate. the public outcry it had generated would help him find a

It has been developed with £500.000 (\$776.000) of European Union money when world

"Now that food aid is much a superficial picture on their more expensive, this pro-

own. gramme will enable governments to be much better at arguing for it and targeting it at the right places," Mr Julius

NEWS: WORLD TRADE

Official information is superimposed on data from the char-ity about how families get their food, whether by farming,

1984 are thankfully very rare, what we are trying to assess more often is how many people will be in great hardship in a bad year where some people will be able to survive on their

with th shortfall and that aid requirebank president and chairman ments were much more modest of the G10 central bank goverthan the government had nors' committee, sald suggested: the worst case scereport to be made public in nario called for 39,200 tonnes of March would "stimulate" private sector action. AFX. Basle

Dabhol power project finally gets green light

By Mark Nicholson in New Delhi

The Indian state of Maharashtra vesterday finally gave approval for the \$2bn-plus Dabbol power project it "scrapped" last August to proceed, provided Enron, the US energy grnnp leading India's biggest foreign investment project, further cnt the venture's cost and power tariff.

Enron welcomed the nffer, saying it was "pleased" by the "significant step in reviving" the project. Mr Kenneth Lav. Enron's chairman and chief executive afficer, said further

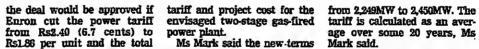
the company had "reviewed and considered" any conditions in the state's offer and awaited "formal notice" of the offer. Ms Rebecca Mark, chief executive officer of Enron Development, added that Enron was "confident we can go forward". Work could recommence at the site at Ratnagiri, south of Bombay. "within 90 days", depending nn the alacrity nf bnth state and central governments in reviewing and approving the

comment was withheld until

revised agreement. Enron's consent, pending both notification and the fnrmalities of further state and asbtra's chief minister, said

central government approvals, would close a saga which made the Dabbol project, under negotiatinn since 1992, emblemproject cost from Rs90.6bn to atic of the potential political nitfalls of foreign investment Rs64.2bu. The state governin India's newly opened inframent had cancelled largely on grounds of cost. Mr Joshi structure sector. The deal's cancellation by added: "This is our ultimate the state's Hindu nationalist offer. I think they will accept." The government's suggested government last year sent tariff falls below a rate of shivers through bankers and investors entering the Indian Rs1.89 per unit which Enron market. The state later agreed and a state government committee had agreed when renein renegotiate the deal after Enron opened legal proceedgotiating the deal last Novemings for damages. Mr Manobar Joshi, Maharber. Mr Joshi's offer amounted to a further and apparently

A second sec second sec



were "well within the lines of what we had agreed" during renegotiations and the further cut would be possible. Under the renegotiated deal, capital cost of the two-stage plant would fall from \$2.8bn to nearer \$2.5bn by spinning into a separate commercial venture a \$300m regasification plant. Tariff unit cost would fall below Rs2.40 per unit due to greater economies arising from

Enron will seek to invite partners in the gas industry to participate in the plant, which would process the LNG for the

project. Mr Joshi also said that the state would accept Enron's offer to take a 30 per cent stake in the Dabhol project. At pres-ent Enron holds 80 per cent of the equity with GE, the US power group, and Bechtel, the US engineering and construc-tion company, holding 10 per an agreement to raise the plant's gross power output cent each.

WORLD TRADE NEWS DIGEST Malaysia set to buy 25 Boeings

Malaysia Airlines is expected to announce early today that it is ordering 25 long- and medium-range aircraft from Boeing of the US. The order, expected to be for 10 Boeing 747-400s and up to 15 Boeing 777s, would be the second triumph for the US manufacturer in Asia in recent months. Singapore Airlines announced an order for 77 Boeing 777s in November, delivering a blow to Airbus Industrie, the European manufacturing consortium.

Malaysian Airlines yesterday also announced that it would start a freighter service from Frankfurt to Kuala Lumpor. with a stopover in Dubai.

Meanwhile, both Boeing and Airbus are in negotiations to provide aircraft to the leasing arm of General Electric of the US. GE is believed to be talking to Airbus about the purchase of 40 smaller let aircraft.

Industry observers believe Boeing is discussing the sale to GE of "a large number" of Boeing 737s and a smaller number Michael Skapinker, Aerospace Correspondent of 777s.

Tariff cuts for South Asia

South Asian trade ministers yesterday urged sweeping tariff cuts to dismantle rapidly barriers inhibiting trade in the region. The seven-nation South Asian Association for Regional Co-operation meeting in New Delhi, was urged by the Indian commerce minister, Mr P. Chidambaram, to apply zero or near zero tariffs on primary commodities in the region.

His counterparts from Sri Lanka and Nepal went further, and suggested across-the-board tariff cuts rather than the limited, product-by-product tariff reductions made so far under SAARC's month-old preferential trading pact.

SAARC, which groups India, Pakistan, Sri Lanka, Bangladesh, the Maldives, Bhutan and Nepal, is home to 1.25bn people with a combined gross domestic product of \$300bn. The grouping includes some of the world's poorest nations but its leaders hope to raise standards through ■ ABB, the international electrical engineering company, Shiraz Sidhva, New Delhi said its consortium with Norwegian companies Aker and the Maritime Group had won an order worth \$400m to develop the Assgard oil field in the North Sea. ABB said the consortium would produce the world's largest floating oil production ship, with an oil production capacity of about 200,000 h/d and storage for 150,000 cubic metres. Andrew Baxter, London Cathay Pacific Airways has signed a 15-year agreement to lease three Boeing 747-200 freighters to its Air Hong Kong freight unit. The three aircraft will be purchased from the Brazilian carrier, Varig. AFX News, Hong Kong

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Japanese cars poised for comeback in world markets

By John Griffiths

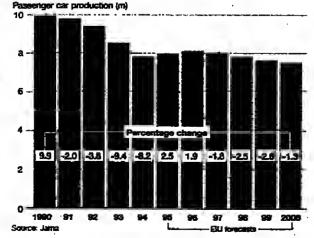
Japan's car industry, battered hy recession and the soaring yen, has cut \$13bn from its cost structure and is pnised to make a comeback in world markets

But the resurgence will be led by manufacturing nperations ontside Japan and more car plants in Japan itself will have to close, according to an industry study* hy the Economist Intelligence Unit. The pressure tn cnt costs

exerted by the strong ven has left the Japanese industry ultra-lean", and by 1998 It will have regained the position of world's leading vehicle producer it lost to the US in 1994. the study predicts.

The tide has turned for Japanese producers because of emerging recovery in the domestic market, the currency factor was now "waning" and expansion of manufacturing capacity outside Japan would underpin significant sales





growth from 1998 onwards. Earlier this week the yen The study found that Japawas trading at around Y105 to nese producers had lowered the dollar and few analysts their overall break-even point expect it to go below the Y100 to less than Y100 to the dollar level in the next 12 months. and were now targeting Y90. The \$13bn cost cuts had been

achieved through delaying capital improvements, re-engineer-ing products, labour cuts and a squeeze on components prices. Sounding a sombre note for European motor parts produc-ers, the study concluded that many of Japan's 600 largest suppliers had managed to cut their costs by 30 per cent since 1993. However, there were signs the industry had begun

final attempt to beat down the

to raise spending again. Industry statistics to be released shortly are expected to show that Japanese makers produced 5.7m vehicles outside Japan last year, 12 per cent up on 1994 and representing a record 33 per cent of the Japanese industry's total out-DUL

By the turn of the decade, overseas plants would be producing 40 per cent of total output.

'The Japanese bave set themselves up for a further major push from within each of the world's key vehicle markets, but particularly in Asia

- -

peak of 6.7m in 1985 to less than 4m by 1997, helping to

make a reduction in capacity inside Japan unavoidable. Until now, Nissan has been the only company actually to close a plant - its 30-year-old Zama facility. However, Mazda has also shut down one assembly line in its Hiroshima facilities and its new plant at Hofo has been operating at only 50 per cent capacity.

Toyota. Japan's largest vehicle maker, is conducting a detailed assessment of whether it can keep all its own assembly plants open.

The strong yen was largely responsible for the Japanese industry's market share in western Europe slipping from 12.5 per cent in 1991 to around 11 per cent last year.

However, a rash of new prod ucts, the gains from further "transplant" capacity coming on stream and more competitively priced imports from Japan would give the Japanese industry the impetus to cap ture 15 per cent of the west European market by the end of the decade.

Western rivals also face a tightening of the competitive screw through a concerted drive by Japanese makers to bring new vehicles to market after much shorter development times.

Nissan is looking to shorten the process to 20 months, compared with its current average of 30 months, and Toyota to 18 from an average of 27. The current average for General Motors is 46 months - GM is aiming to reduce this to 38 -

and for Ford. 37 months. *Jopan's Motor Industry-Reshaping for the Future. Econo-mist Intelligence Unit, 15 Regent St, London SWIY 4IR. £495¦\$775

where they have positioned themselves to capture as much as two-thirds of new demand in the region over the coming five years," the study concludes. Exports from Japan, would continue to decline, from a

NEWS: UK

Banks move towards share trade reforms

By John Gapper, Banking Editor

erowth al care

Leading investment banks are moving towards accepting reforms to the way in which shares are traded in London in return for concessions that would preserve profitable business for them on the London Stock Exchange.

Some large marketmakers, which act as wholesale traders on shares in the largest UK companies, may be willing to move to a different method of share trading if they can still earn profits by executing big orders.

Traders are pretty adaptable people. If something comes along that

looks as though it would still allow us to make a living, we are not going to sell prices on all shares while the Loneject it out of hand," a leading mardon market is open. They post prices ketmaker said yesterday.

The debate follows the dismissal of on the Seaq electronic bulletin board Mr Michael Lawrence, the exchange's in return for a number of privileges. chief executive. last week. Mr Law-However, there is growing support rence was said by Mr John Kempamong market participants for a Welch, chairman, to have lost the conswitch to order-driven trading in the fidence of its board and its 350 memlargest 350 shares as part of the introbers. Several large marketmakers duction of the exchange's new Sequence VI electronic trading platobjected to the way in which Mr Lawrence was pushing through reforms of form, due in August. Under order-driven trading, any member of the exchange can place an London's share trading system. A steering committee to guide the reforms now includes three more offer to buy or sell a block of shares

marketmaking firms. at a set price on trading screens.

These offers can then be matched by linder the current system, marketmakers guarantee to offer buy and the system without going through an intermediary.

Marketmakers objected strongly to a proposal aired by Mr Lawrence for a "hybrid" system of share trading under which quotes from marketmakers would be shown on trading screens together with other orders to buy and sell shares.

However, some marketmakers say privately they would concede an order-driven system for the top 350 stocks as long as they were given safeguards to ensure they would continue trading large blocks of shares for big investors.

Investors might still want to trade big blocks of shares through marketmakers rather than an order-driven screen if they felt the order was too large to be absorbed by the orderdriven market at a favourable price. The safeguards sought by marketmakers would include being able to delay reporting of large trades to prevent the market moving against them. However, the exchange is likely to

insist on marketmakers reporting all block trades on screens. Otherwise, this could lead to a fragmented market, with uncertainty over whether quotes affered on screens were representative

UK NEWS DIGEST Holiday period pushes retail sales up sharply

UK retail sales rose strongly in December as consumers stocked up for Christmas and returned to snap up bargains in the boliday sales.

However, the British Retail Consortium, which represents retailers, warned that shoppers had only been tempted into stores by heavy discounting.

The figures, which provide the first hard evidence about Christmas spending, remained patchy: although chemists saw demand for 'flu medicines, housing-related purchases suffered. Last month's sales figures are deemed crucial by retailers in sbowing whether the Christmas upturn algnalled an end to the consumer caution that dogged the economy last year. Spending figures due over the next two weeks will be watched closely in the City to provide further clues.

Such scrutiny is partly because Christmas is a key period for retailers. But it is also because Mr Kenneth Clarke, the chancellor, has forecast that a strong upturn in consumer spending will trigger broader economic growth this year. The BRC data vesterday provided some comfort for those

oping for an upturn.

The overall value of retail sales was 4.3 per cent higher in December than in the same month last year - the highest annual rate of growth for eight months. This followed a strong increase in the growth rate in November.

However, December's growth rate was still lower than the 4.9 per cent annual rise seen in the year to December 1994.

The Bank of England said consumer credit rose by £613m in November compared with an £830m increase in October. Econ-omists said the long-run trend was still upwards but consumers may have become more cautious in the run-up to Christ-

Meanwhile The Ernst & Young Item Club, which uses the Treasury's economic model to calculate its forecasts, said the economy would grow slowly in the first half of 1996 but it would then accelerate because of a strong recovery in con-sumer confidence. Gillian Tett and Graham Bowley

Fujitsu to set up R&D centre

Fujitsu, the Japanese electronics group which owns a majority stake in ICL, the UK-based computer group, is to set up a research and development centre in the UK. The new London-

research and development centre in the UK. The new London-based R&D centre, which will begin operations at the end of March with a staff of about 20, will focus on advanced com-puter design, particularly parallel computing technologies. Unlike traditional computers which mainly process informa-tion sequentially, parallel computing involves dividing com-plex tasks into small pieces which are than handled by a number of microprocessors at the same time. Parallel processing is particularly suited to the large num-ber crunching iobs traditionally handled by supercomputers.

ber-crunching jobs tradditionally handled by super-computers but is also expected to come into greater demand with the spread of networking. The new R&D centre, "will give us access to very talented researchers in the UK and the rest of Europe," the company said.

Japanese computer groups have generally lagged their US and West European counterparts in the area of computer software. However, Fujitsu has recently made recently in the field of supercomputers, trditionally a stronghold of Cray Research of the US. Last month, Fujitsu won an order from the European Centre for Medium Range Weather Forecasts where a Fujitsu machine will be replacing a Cray super-Michigo Nokamoto and Paul Taylor computer.

Rise in coal output reported

Output of deep-mined coal in the UK rose 13 per cent in the first year of privatisation, according to Mr Richard Page, the undersecretary for energy. Sales of coal were up 18 per cent, and imports were down 16 per cent. Mr Page, addressing the Coal industry Society, stressed the figures were provisional, It was not "an easy industry in which to make money," Mi Page said. "But overall I believe that the picture is very encouraging." The industry was privatised at the end of 1994. David Lascelles

TV's probing eye tests corporate resolve Everybody was "tied up," Marks and Spencer said yesterpro-women facture of some pyjamas.

By John Kampmer, **Chief Political Correspondent**

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Blow for

Labour's

Britain's opposition Labour party's policy of positive discrimination to enable more women to stand for parliament waa ruled unlawful by an industrial tribunal yesterday. The verdict, npbolding a complaint by two male candidates frozen out by the process, threatens to scupper the policy of women-only short-lists introduced in 1998 by the late Labour leader, John Smith.

Party officials expressed sur-prise and dismay at the ruling. They said it applied only to the two cases concerned and would not affect the 34 seats where candidates had already been selected on the basis of women-only shortlists. Another nine constituencies

in the middle of the selection process have been told by the party to hold off until the tribunal delivers its written judgment within the next two weeks. Labour will then consider an appeal. Another five seats were also due to begin choosing from women.

Despite Labour's attempt to give a narrow legal definition to the ruling, it is likely to leave the door open to men to mount challenges in any of the 34 seats affected so far.

The idea of the shortlists was to more than doubla the number of Labour women MPs, currently at 38, in the next parliament by assigning at least half of the safe and marginal seats where the incumbent was standing down

day as the retailer prepared to field broadcast allegations that a Moroccan subcontractor had used child labour in the manu-M&S said its own checks had fully satisfied it that the Moroccan company used no workers under the age of 16,

apart from some apprentices, and that it had met all Moroccan government standards. But the hive of activity at M&S's headquarters ahead of last night's World of Action broadcast on Britain's ITV was testament to the enormous pressures that television investigations put on companies, whether the allegations are right or wrong.

Companies such as drug or chemical makers have long been aware of the need to respond effectively to such challenges. But more compa-nies, particularly those selling consumer goods, are becoming aware they too might be subjected to scrutiny - often out of the blue. To respond effectively, companies are turning more to specialist media advisers and lawyers.

We create a crisis team and tell everybody else to get on with running the company," said Mr John Stonborough , a former television reporter and founder of Walborough, a media consultancy. For the duration, team members "have to forget about the rest of their lives and the company has to commit money to advisers - it can be expensive

Mr Stonborough believed key approaches were to find out

An image from the television documentary on the Moroccan shop where clothing for retailer Marks & Spencer was made mation had become somewhat

easier in recent years. Journal-

ists were now more willing to

reveal more to the companies

But it is the intensity of life

When the Cook Report, an

Cable operator sheds jobs in restructuring

in the limelight, perhaps even more demanding than a take-over battle, that takes its toll

they questioned, he said.

in case after case.

exactly what evidence the broadcasters had; negotiate with them on the extent to which the company would respond; and not to "fudge" issues - "if there's a problem get it out".

Mr Medwyn Jones, a partner in Harbottle & Lewis, a London law firm, believed that assessing the strength of the inforand the fire retardants used in foam cot mattresses, Boots was one of the retailers that had to respond. "We had to make a huge investment in time and resources over six weeks," said Mr Francis Thomas, a Boots press officer. "Wa were notified by the Cook Report only three days before the programme was aired. There was no time to have a scientific debate with

tions." It scrapped £250,000 of stock and launched a huge customer and staff information programme. Subsequent government reports failed to link fire retar-

ding manufacturer was as Roche, whose anti-malaria drug Lariam was scrutinised recently on the BBC's Watchdog programme, said: "One of our principal aims is to try to ensure that the reporting is balanced and allows the company to state its case."

Bio-Health, which had no warning that its supplement

ITV programme, claimed in late 1994 that there was a link results of independent labora-tory tests which vindicated its between sudden infant deaths product. Nevertheless, it saw its turnover fall by about 25 per cent in the first four weeks. Bio-Health was unable to

the programma makers ... we had to deal with public percep-

dants with cot deaths but the impact on Boots and its bed-

manufacturer, was "expensive nonsense". Although the company later accepted substantial libel damages, the experience was "traumatic", according to Mr David Smith.

would be mentioned, sent a series of letters to wholesale and retail customers, with

step up its marketing to counteract the bad publicity because it needed to conserve funds for the legal action. Preparation was also a burden. Mr Smith said. "It took a least a full month of my time devoted to the law side - this is work-ing a 50-hour week - and three weeks on the Broadcasting Complaints Commission." After the business record of Mr Richard Budge, chief execu-

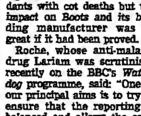
tive of RJB Mining, was inves-tigated by BBC's Ponorama programme, the coal mining company took steps to reassure shareholders and employees but did not respond publicly. "There was nothing of any substance [for RJB], Mr Stuart

fact I'm still getting over it...The fact that it has my name on it is so annoving."

Roderick Oram and

Oliver said. But when ITV's The Big Story discovered that vegetable burgers made by Ross Young, a subsidiary of United Biscuits, and sold under Linda McCartney's name, contained more fat than the label said, the ex-Beatle's wife was quick to express contrition. "Once a

week we are going to pull dif-ferent products off and go to the best food analyst just to make sure it doesn't happen again," she said. "I don't want any mistakes. I'm mad about it, it really upset me and in



in 1992, Watchdog suggested one nutritional supplement made by Bio-Health, a vitamin

to women-only lis Mr Tony Blair, Mr Smith's successor, bas already expressed reservations about a scheme that encountered considerable local resistance and had appeared destined to be NY CAN scrapped after the next gen-

eral election. Tom Sawyer, Labour's general secretary, said the party had undertaken the policy after extensive consultation with legal experts. "We do not belleve [the ruling] to be correct and we bave proceeded througbout in the belief we have been acting in accordance with the law," he said.

Nynex CableComms, the UK's second largest cable operator, yesterday announced broad restructuring plans which may herald further efficiency measures throughout the UK's fledgling cable communications sector.

Some 310 jobs will be lost, just over 10 per cent of the company's workforce, chiefly in accounting and management support. The jobs would be lost through a combination of natural wastage and voluntary and involuntary redundancies, the company said.

Mr John F. Killian, the company's president and chief executive officer, said the plans were designed to allow the company to make the most of its

technology: "We have doubled the size of our business each year since 1991. We now plan to capitalise on emerging efficiencies in line with our strategic objective of achieving lowest life cycle cost, and to enjoy further economies of scale.

A national sales organisation is to be created to service the operator's franchise areas and customer operations and service are to be centralised.

Mr Nicholas Mearing-Smith, the chief financial officer, said the restructuring plan followed a study by the con-sultants Coopers & Lybrand, which had identified inefficiencies such as 12 peopla, now reduced to two, developing methods and procedures.

after TeleWest, the largest cable operator announced that Mr Danny Bryan, chief operating officer since October 1994, was returning to the US "to pur-sue other interests." Mr Bryan had been responsible for all operations for the southeast division of TCI, the world's largest cable company. It is believed that the intensely competitive UK mar-

ket proved a much greater challenge. At the same time a senior executive, Mr Dan Summers, has been sent from North America to take a fresh look at the operations of Bell Cablemedia, the third largest cable company in the UK. "I think the cable industry is still under pressure in the UK," Mr Jon Davey, director of cable and satellite for

sion, said yesterday. Few in the industry were surprised that the first serious job cuts should have come at Nynex. It had taken on high overheads as it pushed for rapid growth.

Clay Harris

Cable telephony has been growing rapidly and should get a further boost this year from the implementation of number portability - allowing customers moving over to cable from BT to keep their numbers. By comparison cable television has been struggling.

Penetration levels for cable television - the ratio of homes subscribing compared with those who could - has remained stubbornly stuck at around 21 per cent. At Nynex it is only 18.9 per cent

Branson rejects lottery inquiry

Mr Richard Branson, chairman of the Virgin group, said yesterday he would not take part in an inquiry to examine allegations that an executive of GTech, e US lottery operator, tried to bribe him. Mr Branson was not convinced the inquiry to be led by Ms Anne Rafferty, QC, chairman of the Criminal Bar Association, would be independent or comprehensive. Mr Branson complained that Ms Rafferty bad been

appointed by Mr Peter Davis, director general of the Office of the National Lottery, who might have to appear before the inquiry as a witness. Mr Branson alleged last year that Mr Guy Snowden, chairman of GTech, tried to bribe him. Mr Snowden has denied this. Raymond Snoddy

UK car sales fall by 16%

New car sales to private buyers slumped by 16 per cent in December, the UK vehicle industry revealed yesterday. The drop represented one of the sharpest monthly falls for the past everal years and prompted renewed calls yesterday for mar-

ket-boosting measures by the Government. Without such action, industry representaives claimed yester-day, new car sales will grow by little more than 1 per cent in each of the next two years, largely because economic growth will be below Government forecasts. Britain'a industry body, the Society of Motor Manufacturers

and Traders, is projecting a 1.3 per cent rise in new car registrations next year, to 1.97m from last year's 1.95m, and for the market to just reach the 2m level in 1997. "We are still a long way below the levels we need to be at for a healthy market, and compared with 1988-89 when we had up to 2.3m new car sales", said the SMMT's chief executive, Mr Ernie Thompson. So far, the SMMT has failed to persuade the Government to adopt any market-boosting incentives schemes, such as cash inducements for motorists to trade-in high-pollution older cars offered in France and Spain. However, in a move which it hopes will boost the profitability, if not unit sales, of car makers and their 7,200 franchised dealers, SMMT officials were meeting Government representatives yesterday in a renewed effort to reach agreement on scrapping the current number registration system. John Griffiths

Opposition to Freshfields tops legal M&A rank seek support of By Robert Rice, Legal Correspondent 'stakeholders' Freshfields, the City of London law firm, has pushed rivals Slaughter and May into second

By Robert Peston, Political Editor

Opposition leader Mr Tony Blair yesterday unveiled the Labour party's election banner with a pledge to create a "stakebolder economy" in which "each citizen gets a stake" in the creation of wealth.

in a direct response to the Conservative government's promise to make Britain the "enterprise centre of Europe". through cutting public expenditure and business regulation. the Labour leader rejected what he characterised as the governmeut's "laisser-faire passive approach".

Mr Blair told a meeting of businessmen in Singapore that a Labour government would work with "the grain of global change" in an open economy. but would be willing to intervene to ensure that the benefits are "fairly distributed and all our citizens are part of one nation and get the chance to succeed".

Mr Michael Heseltine, the deputy prime minister, said "Labour's latest soundbite is only a new discuise for their old corporatist ideas ... They would impose ever great central government regulation

and control". However, Mr Blair was praised by Mr Lee Kuan Yew. Singapore's most influential economic success of the Far politician and a personal bero of Mr John Major. "He's young and energetic and doing well in societies than the UK's.

. . .

the Labour party and in the country," said Mr Lee. Mr Blair said the aim of fos-

tering a national team spirit would determine the party's plans to reform the welfare state, education, the dissemination of new technologies, and the relationship between busiuess and government.

Labour was studying Singapore's privatised welfare ays-tem, he added, which compels its people to insure against unemployment and save for retirement. But He rejected the traditional socialist approach to fostering cohesion "through redistribution in the tax and benefit regime". "The old ways won't do," he said.

Mr Blair has been heavily influenced by the theory of corporate governance - that successful companies work in the interests of all their stakeholders, including employees, customers and suppliers, and

not just shareholders. The Labour leader has been particularly impressed by the work of Mr John Kay, an economist, who last night described the speech as a "statement of ideas which are important". Mr Kay said Mr Blair was right to point out that individualistic societies, such as the UK, tended to achieve economic growth at the cost of crime and litigation. He said

adviser to companies and banks involved in UK public takeovers last year. In a year of unprecedented takeover activity, Freshfields was placed first for its part in daals worth £32.1bn 31 (\$49.1bn). This compares with a total of 16 deals worth £4bn. enough to place Slaughter and

May top in 1994. Freshfields was involved in the five biggest transactions of 1995, including acting for TSB Group on its £6.1bn acquisition

which they acted as advisers. Five of the top six law firms LEGAL ADVISERS FOR UK PUBLIC TAKEOVERS 1995 No.of deals Value (Em) Law Fam in the table were involved in 1995's biggest deal, Glaxo's 32,157 1 Freshliekde -31 19.1bn takeover of Wellcome. 2 Staughter and May 3 Linklaters & Paines 30 29,720 The exception was Linklaters & Paines which finished third 20,021 78 4 Herbert Smith 5 Clifford Chance place as the leading legal 20 19 17.581 with 19 deals worth £20bn. 6 Lovell White Durrent 11.810 Acquisitions Monthly says 12 17 Notion Rose 9,037 1995 was also a bumper year for legal fees. The magazine a Allen & Overy 9 Theodore God 7.799 5,113 5,412 estimates that the City earned 10 10 Simmons & Simmons about £950m in fees from UK Partial by value of Deremations based on completed and failed offers for LK public companies. Source: takeovers in 1995 and of that the law firms took about

> by Lloyds Bank and for placed second for its role in 30 deals worth £29.7bn according Southern Electric on its successful defence of a £2.8bn bid to Acquisitions Monthly magafrom National Power. zine, which ranks law firms by Slaughter and May was the value of the takeovers in

Editor Philip Healey said early signs for 1996 were encouraging with no obvious factors to suggest the takeover boom would not continue, at least in the short term.

£200m

Tories on the defensive over future in Europe

By John Kampfner and Gillian Tett

Prime minister John Major's plea for unity within his Conservative party fell on deaf ears yesterday as resurgent pro-Europeans joined Labour and Liberal Democrat members in calling for a campaign to publicise the merits of a single currency.

With the Tory right on the defensive following the defec-tion of Miss Emma Nicholson, Conservative Europhiles pointed to an opinion poll, claiming that their views on Europe represented the majority of popular feeling. The survey of 805 people,

East and Switzerland tended to conducted by Gallup, showed be based on more cohesive that 60 per cent of the public believes Britain should retain 19 per cent disagreed. the option of joining a single currency at a future date. striking social differences: men However, nearly two in three

people say information availsble on the question of monetary union remains "poor" or very poor".

Mrs Edwina Currie, vicechairman of the cross-party European Movement which sponsored the survey, said: Parties win elections when they keep their eye on the electorate. Mr constituents tell me, like the polls do, that that we are in Europe."

also indicated that they were more positive about the project than working class groups. Mrs Currie was joined on the platform by Mr Peter Mandelson. one of Mr Tony Blair's closest aides, and by Mr

The survey highlighted some

Charles Kennedy, the Lib-Dems' spokesman on Europe. The survey showed that 56 Other prominent pro-Euro-peans added their support, set-

per cent of those questioned agreed there should be closer co-operation between the EU ting the stage for another turcountries, with Britain playing bulent parliamentary session, a leading role, while only which begins today.

tended to be more in favour of 25 a single currency than women, while the North and Scotland 20 also gave more positive Professional social groups

to straddle the divide, voicing his hostility to the planned Eurosceptics by suggesting his reluctance to issue a white paper setting out the government's negotiating position at the intergovernmental confer-

 Mr Michael Portillo, tha UK defence secretary who told BBC radio that he had been "rounded" ou by Tory leftwingers, yesterday pledged deeper security co-operation with Japan, in spite of misgivings from some British war veterans who are still seeking compensation from the Tokyo government, William Datakins

was speaking on a four-day visit to Japan, also offered to increase UK training of Japa-nese troops for United Nations peacekeeping missions.

peticipation in this leading Mr John Major sought in his January 1999 start-up date for

television interview on Sunday time, he has disappointed

a single currency. At the same

Europe: shall we ... shan't we? % of sample

Aim to be part. Keep open. Aim to be part. Reject joining Try to stop the of this teaching the option of of this teaching a single others moving group petitication group currency towards a in this teaching. now single currency

ence

writes from Tokyo. The defence secretary, wbo

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omputer technology is today found in a vast range of products, from trains to toasters. But as the power of digital hardware has grown, so too have the size and the complexity of the software needed to control it.

Traditional software development is labour-intensive and error-prone, and the software industry urgently needs cheaper, more reliable ways to develop programs. If a personal computer "crashes", only data are lost; if the computer controlling an aircraft or chemical reactor misbehaves, the consequences can be catastrophic.

Computers have traditionally played a subservient role to more conventional analogue technologies in safety-critical systems. Analogue technologies leave the pilot or operator in full control and are designed to well-known "fail-safe" principles. No such principles exist for software, however, so designers of digital systems have to test their programs extensively.

The sheer complexity of software is overwhelming traditional approaches to software development and testing," says Jerry Rudi-son, marketing vice president at Rational Software, a US firm.

Rational supplied software tools to speed the process of ensuring that software in the new Boeing 777 aircraft met the Federal Aviation Authority's safety standard for flight-critical software.

Extensive use of computers allows the Boeing 777, which went into service last June, to be flown hy two crew instead of the traditional three - a flight engineer is not required. The 777 contains more than 2m lines of software code four times that of its predecessors and is Boeing's first commercial aircraft to use digital "fly-hy-wire" technology for the flight control system. Built hy UK firm GEC Marconi, the system took five years and 200 people to develop.

Jim McWha, Boeing chief engineer for flight control systems, says digital technology was used because manufacturing costs are lower than for an analogue system. Boeing's main competitor, the European consortium Airhus Industrie, was first to use digital fly-by-wire technology to reduce costs.

Airlines are wary of new technologies that may prove unreliable and expensive to service. For digital flyby wire flight control systems, there is the additional worry of an unknown safety record.

To calm such fears, Boeing exhaustively tested the software for one year in the laboratory and a further year in the air - twice the test period of earlier aircraft. "Cost is just not a factor in huilding safety-critical software," says McWha. Testing complex software requires thousands of "test cases" - comhl-



Designers are working on ways of making computer programs more reliable, explains Geoff Nairn

nations of operating parameters -to be generated and fed into the software capabilities of its contractors. It funded the development of a software to see how it responds. Traditionally this is done manually, new software development method which is costly, tedious for the peothat focused on people and organisational factors rather than on techple involved and prone to error. nical issues

Rational is working with Boeing on a set of tools to automate test-Model (CMM), developed hy the case generation, thereby cutting testing costs. Boeing engineers have Software Engineering Institute at developed an algorithm to reduce Carnegie Mellon University, was the first in a family of "processthe time needed to generate test based" software assessment and cases from several hours to a few improvement methods that have minutes.

Airlines are wary of new technologies that may prove unreliable and expensive to service. For digital fly-by-wire flight control systems, there is the additional worry of an unknown safety record

Software testing detects mistakes helped developers reduce errors. made by the programmers who Italtel, the Italian telecommunications equipment maker, cut the number of software faults in its wrote the program code. But fundamental design flaws will not be revealed and even extensive testing exchanges hy 54 per cent from 1991 to 1993 using the Bootstrap Method, uncovers only abont 70 per cent of which is similar to CMM and was the errors in a program. The rest, serious or otherwise, are passed on developed as an EU project. to the customer. Phantom with-Nasa has long been interested in drawals from bank teller machines, improving software quality and piotelephone exchanges that do not neered the use of object-oriented communicate and space shuttles that refuse to take off are all manitechnology. One advantage of OOT is reusability - parts of one com-puter program can he reused in festations of software bugs that testanother, so improving reliahility. ing overlooked. By switching to OOT, Nasa cut soft-In the 1980s, the US Department

of Defence, worried by cost overware error rates by 87 per cent runs and poor quality on software between 1985 and 1991.

projects, wanted to evaluate the Despite these improvements, serious software hugs still plague Nasa spacecraft and other complex projects. What is needed is a radical change in the way software is designed, Formal methods could provide the answer. The resulting Capability Maturity Formal methods use mathematic

cal proof techniques to show that a ogram will perform according to the specifications. For 20 years, academics have been trying to apply scientific rigour to software development, hnt with little success, Nevertheless, formal methods are increasingly used to design and validate software for complex systems, such as chemical reactors.

TECHNOLOGY

French company Matra Transport is using one such method, called B Method, to design safety-critical software for the driverless trains on the new Meteor line of the Paris Metro, due to open in 1998.

Digital technology allows Matra to build trains that are functionally more complex, but conventional analogue systems are still used for safety-critical functions. Future trains will be fully digital and Matra hopes formal methods will eliminate design errors and allay anxieties about software reliability. In the 1980s, formal methods were not available but Patrick Behm. software manager at Matra Trans-port, says they are now sufficiently mature to be used for the Meteor project. Only future users of the Meteor line will decide whether formal methods really do produce FT writers look at two new ways in which smart cards are speeding up the business of travelling

Customs cruising

very international traveller knows the feeling. Ynn race from the aircraft through a maze of windowless tunnels to the passport control and customs hall. Alas, your flight has landed at the same time as half-a-dozen other jumbo jets. The next balf-hour often more - is spent shuffling towards a distant booth for the required stamp in your passport. Such frustrations have become a

thing of the past for a growing number of participants in two test projects using "smart card" technology at a handful of airports in the US and Canada.

Known in the US as Inspass and in Canada as Canpass, the new cards allow travellers to check themselves through immigration and customs in seconds

Canpass halders put a finger on an optical character recognition scanner, which compares it with a fingerprint embedded in the card. If the two match, an antomated gate swings open and the passholder is free to go.

Anyone with goods to declare can drop the usual customs declaration form in a slot at the gate. **Bevenne Canada later calculates** applicable duties and taxes, and charges them to the participant's credit card.

The US card uses a less sophisticated technology based on hand

> Smart on the bus

mart card technology is can be stored allowing discounts beginning to oust the hum-The bus ticket and even the magnetic stripe card on a growing number of nrhan transport systems around the world. London Transport is just completing a £1.5m two-year trial on buses in Harrow, north of London, while Hong Kong is expected to Introduce smart cards across all forms of pohlic transport next year.

Smart cards are similar in size to a credit card though somewhat thicker. They contain a silicon chip which stores and processes information and an internal aerial which transmits data to a reader.

The smart card can store moch more information than a magnetic stripe card and offers considerable advantages to transport operators. Details of a wide variety of fares geometry, such as the length and thickness of the holder's fingers. However. Jake Achterburg. assistant chief inspector at the Immigration and Naturalisation Service the Vancouver passport office. An (INS) in Washington DC, says that annual fee of C\$50 (£23.60) is the goal is an internationally accepted standard of "one traveller, onc card".

Five countries - the US, Canada criminal records, especially custhe UK, the Netherlands and Gertoms affences. Card holders many - have formed a working group to try to come up with a caught smuggling hy random checks risk having their pass common standard for the cards. Others have expressed interest.

official: "We don't want our syshe INS plans to seek com-mercial partners for the tem loaded down with trivia. The enstoms official doesn't need to Inspass in early 1996. The know that the person has o traffic idea is that the pass could be comticket In Peoria." Out of 4.000 ranhined with, for instance, a fredom compliance checks conducted quent flier card or a bank card. so far nn Inspass holders, only 12 have been caught cheating. The US cards, which are available to US residents as well as measurements, the cards contain

citizens of 22 other visa-exempt countries, can be used at John F Kennedy airport in New York. nearby Newark, and in Toronto, where passengers on US-hound flights are pre-cleared through US passport control.

Only hasiness travellers who have entered the US at least three times in the past year can apply. The INS bas so far issued about 60,000 cards; each has been used

twice on average. The Canpass card was intro-

to encourage journeys at a particular time of day or multiple jour-Contactless cards can be read at a distance of several centimetres so do not oeed to he swiped

through a reader. They do not even need to be removed from their plastic wallets. This speeds op boarding of huses or passing through electronic turnstiles.

They permit transport operators to record the types of journey which passengers are making and adjust services accordingly. They also allow an accurate record of the use made of a particular service. In London, where a unified London Buses has made way for private operators, it is important

for revennes to be allocated accu-rately. At present this is done by

passenger surveys which is both time-consuming and sometimes inaccurate.

duced at Vancouver airport in late

November. "The only glitch is that

some people had difficulty under-

standing what they had to do." says Walter Morello, manager of

charged hut any US nr Canadlan

Applicants ure screened for

Bnt according to a Canadian

Besides fingcrprints or hand

hiographical details nnrmally

fnund on the strip in machine-readable passports. But

few invasion of privacy concerns

have heen raised, prohably

because participation is voluntary.

Anyone whn wishes in continne

kicking heels and stumbling over

luggage io an interminable pass-

Bernard Simon

port queue is free to do so.

resident can apply for the pass.

revokcd.

London Transport's trial in Harrow is claimed to be the first and largest of its kind. Starting ont nn one route and involving only five huses it was subsequently extended to cover five bus companles, 21 rontes, 200 huses and abont 700 drivers. More than

15,000 passengers took part. Eccouraged by the results of these trials LT Buses and Loodon Underground have sought tenders from private-sector consortia to provide a London-wide system in the late 1990s. More than 100 organisations expressed an interest in the project and 40 submitted detailed responses.

Charles Batchelor

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LAW

Rulings clarify national powers



EUROPEAN national procedural rules COURT

which have the effect of precluding a national court from considering whether a measure of domestic law is compatible with European law.

in both cases the issues of European law were not raised until the appellate stage of domestic proceedings. In the Pcterbroeck case, the appellant argued that the relevant Belgian legislation was contrary to the Treaty of Rome rules on freedom of establishment. In the Schijndel case, the appellant argued that Dutch pension provisions were contrary to European competition rules.

Under Belgian procedural rules, new pleas could not be raised on appeal, except if raised within 60 days of the decision being appealed. The same rules prevented the Belgian Appeal Court from considering the new plea of its own motion.

Under the relevant Dutch procedural rules, no new arguments could he raised on appeal unless on pure points of law. Although the procedure required courts to mise points of law, the principle of judicial passivity meant that the courts could not be required to go beyond the amhit of the dispute, nor rely on facts or circumstaoces other than those on which the relevant claims were based.

Because both jurisdictions were concerned that the relevant procedural rules curtailed the power of the national courts to examine matters of European law they referred the

issue to Luxembourg. The European Court first reiterated that under the principle of co-operation laid down in the Treat of Rome, member states had to ensure the legal protection which individuals derived from the direct effect of European law.

In the absence of European Schijndel and others v Stichting Pensioenfonds voor Fysiotherarules governing the matter, it was for the domestic legal syspeuten, ECJ FC, December 14 tem in each member state to decide which courts should have jurisdiction, and to lav down the detailed procedural

In two recent rules governing actions for judgments the safeguarding rights derived from European law.

Such rules could not be less favourable than those goveroing similar domestic actions nor make it excessively difficult to exercise rights conferred by European law.

legal certainty.

European law.

to European law.

ing. Also, there were no other domestic courts in subsequent

proceedings which could con-

sider of their own motion the

question of the compatibility of

the national measure with

The European Court said restrictions in Belgian proce-

dural law on the raising of new

points of law were not reason-ahly justifiable hy principles

such as the requirement of

legal certainty or the proper

conduct of procedure. The

rules were therefore contrary

In the Schijndel case, the

European Court found that the

limitation in Dutch law on the

raising of new legal issues was

justified in that in civil pro-

ceedings it was for the parties

to take the initiative, as the

court could only act of its own

motion in exceptional circum-

stances where the public inter-

The European Court did find.

however, that it was for

national courts to apply the

Treaty of Rome competition

rules even when the party con-

ceroed had not relied on them,

but only where domestic law

C-312/93: Peterbroeck v Bel-

oian State: C-430/93 and 431/93:

BRICK COURT CHAMBERS.

allowed such an application.

1995.

est required its intervention.

who stepped into the role in July after LP's board ousted 70-year-old Harry Merlo, who had dominated the group The European Court also reemphasised that national rules preventing issues heing referred to it had to he set for more than two decades. Merlo, the son of poor Italian immi-

aside. In order to determine rants, transformed LP into one of the whether domestic rules feil leaders in the US forest products foul of such general principles, industry, partly hy pioneering a proit was uccessary to take into cess for making orientated strand account matters such as the board, a wood substitute which challenged traditional timber products protection of the rights of the defence and the principle of such as plywood. However, the product did not live up to expectations In the Peterbroeck case the

and the company has been deluged European Court said the appelwith law suits. lant had been unable to take Although Suwyn comes from one of advantage of the limitation LP's major competitors, his backperiod as it had expired by the time of the appeal court hearground is in the chemicals industry. He worked for E.I. Du Pont de Nem-

Suwyn to head

1. S. 18

Louisiana-Pacific

an executive vice president of Interna-

tional Paper, replaces Donald Kayser

Mark Suwyn, 53

(left), has taken

ON THE MOVE

 Alec Tsui, executive director of finance and operations services at the HONG KONG STOCK EXCHANGE, and Gerald Garbacz, 59, has Herman Hui, head of listings, have been appointed deputy chief executives. Samuel Lee, a member of the China technical committee of the Hong Kong Society of Accountants becomes chief internal auditor. William Rossier of Switzerland has been appointed head of the General Council of the WORLD TRADE ORGANISATION (WTO) for 1996. His duties will include organising the first WTO ministerial conference, in Kerry Stokes, chief of Singapore on December 9-13 Cesare Geronzi, director general of BANCA DI ROMA. AUSTRALIA. is taking over from Pellegrino Capaldo as chairman. The group's new director general will be Antonio Nottola. Frank Herringer, 58, chief executive of TRANSAMERICA CORP. the San Francisco-based financial services company, of Ibercaia. has replaced James Harvey, 61, who has been chairman since 1983. Herringer joined Transamerica in 1979. succeeded Harvey as president in 1979, and as chief executive in 1991. He will continue to

ours & Co for 25 years before joining IP in 1992, where he has been responsible for an \$8bn portfolio of husinesses, William Hall

more reliable trains

Disney role for Lyne

over as chairman Walt Disney, the US entertainment and chief executive of Louisiana group, has appointed Ms Susan Lyne, former editor of Premiere, the US film Pacific, the US forest products group magazine, to a newly created role in which has heen its film production division. dogged hy product

Lyne, 45, has been given the brief of helping Disney to identify and acquire the rights to books, plays and screen-plays. She will work from its New York office rather than in Los Angeles, where most of its film production executives are based. The appointment is in line with a

trend for the Hollywood film studios to strengthen their presence on the east coast. It also reflects the growing competition among the studios for film material, which has led to a dramatic escalation in the fees charged for film rights. Lyne has edited Premiere since she

founded the magazine in 1987. Disney, whose hit films in the past year have included Toy Game and Pocahontas. last week secured shareholders'

approval for the \$19hn acquisition of the Capital Cities/ABC television company. Alice Rousthorn

MASTERCARD INTERNATIONAL from Schlumberger Measurement & Systems, Hong Kong, as general manager for greater China. succeeded Joseph Bante, 67, as chief executive of NASHUA CORPORATION, the US office stationery company. Baute. who remains chairman, assumed the role temporarily following the resignation of Francis Lunger in November. Garbacz was most recently chairman and chief executive of Baker & Taylor, a distributor of books, videos and software that was formerly a unit of W.R. Grace and Co. Australia's Seven network, has

Rancourt, 56, currently head of credit policy and supervision. Allorent began his career with Chase Manhatten Bank in New York, and joined Banque Paribas in 1981; de Rancourt joined Banque Paribas International in 1980, after 15 years with Citibank. ■ Kurth Augustson will replace Bo Feltner in April as chief executive of Moeinlycke. part of SVENSKA **CELLULOSA**, Europe's leading forest products group. Feltner will take charge of integrating the newly acquired PWA Papierwerke Waldhof-Aschaffenburg tissue operations with Moelnlycke's Lars-Eric Petersson, executive vice president at Skandia and head of International direct and reinsurance, has been elected deputy chief executive of Stockholm's SKANDIA group. Werner Dittes, 53, head of the worldwide husiness unit Resins in the polymers division of CIBA, replaces Hermann Vodicka as head of the polymers division from April 25. when Vodicka becomes chairman of Ciba's executive committee and chief operating officer. John Taylor, 48, vice

president of Exxon Chemical Europe, is moving from Brussels to London, as chief executive of BRITISH

Smurfit family move Michael Smurfit.

INTERNATIONAL PEOPLE

chairman and chief operating officer of Jefferson Smurfit Group, the lrish pulp and paper concern, has promoted his son Michael (left) to head two of the largest US subsidiaries.

Michael Smurfit junior, 31, succeeds James Mailoy as president and chief executive of Smurfit Packaging Corporation and Smurfit Paperhoard Inc. both hased in St Louis, Missouri. Malloy remains chairman of the companies and will keep his seat on the main hoard.

The Smurfit family already controls four of the 15 main board positions and four of the six executive posts. The latest move suggests Michael inr is being groomed to take on more responsibilities as his father, the 59year-old founder, looks to secure the family's continuing grip on the company. John Murray-Brown

Occidental departure David Hentschel, 62, a director and former senior executive with Occiden-

> NUCLEAR FUELS, the state-owned reprocessing company. Thierry Dillard, 42, finance director of GLAVERBEL, the Belgian glass manufacturer. leaves at the end of March, and will be replaced by Yves Schooejans, finance director at Compagnie Belge de Participations Paribas. Kurt Anker Nielsen, chief financial officer of NOVO NORDISK, the Danish pharmaceutical group, has been appointed deputy managing director. Henrik Guertler, 42, has joined the group's corporate management team and Kaare Schultz has replaced him as head of health care product supply. Laurie Cox, recently retired executive chairman of Potter Warhurg, has joined the board of MACQUARIE BANK. Martin Bennett has resigned as a director of THE UNION GOLD MINING COMPANY, which owns about 35 per cent of New Zealand's largest gold producer, Macraes Mining Co. H. Virgil Stephens, EASTMAN CHEMICAL's chief financial officer, has been promoted to senior vice president. Robert Goodall, group human resources director of Inchcape, has succeeding David John as non-executive chairman of INCHCAPE BERHAD following John's

tal Petroleum, Los Angeles, took over as chief executive of Canadian Occidental in Calgary on January 1. following the resignation of French-born Bernard Isautier, 53. Isautier, once a civil servant in France, made his name in Canadian

oil and gas in the 1970s. In 1998, as head of Polysar Energy, he helped to force Nova. a big energy group, to double its takeover bid to almost C\$2hn. He left Polysar with a golden parachute and returned to France to run Thomson's consumer electronics division. He reappeared in Canada as ceo of Canadian Oxy in 1993 on a five year contract, where he has pushed exploration as far as the Yemen, Indonesia and Kazakhstan. He remains a consultant to the company. Robert Gibbens

Dutch exchange

George Möller, a London-hased banker with Dutch merchant bank MeesPierson, is to be the new president of Amsterdam'a European Options Exchange. He will replace Joost Kuiper, who leaves on March 1 to head MeesPierson. Möller, 47, who heads MeesPierson's

appointment as chairman of

manager, securities clearing &

Boh Davies has been

appointed senior market

ettlement services for

S.W.L.F.T, the bank-owned

message switching network,

Based in New York, He will

the securities clearing and

settlement arena. Davies has

worked for Brown Brothers

Harriman & Co. for 25 years. S.D.M. Wallis retires as

managing director of AMCOR.

the Australian packaging and

paper company, in July 1996,

chairman. He will be replaced

currently deputy managing

Jack Foley, 42, has joined

AER LINGUS from British

Airways as executive vice

president - North America.

■ William Lytton, 47, vice

for Lockheed Martin's

president and general counsel

electronics sector, has joined

INTERNATIONAL PAPER as

vice president and general

John Grant, founder and

executive chairman of

Sydney-based venture

becomes a non-executive

John Dawson, 52, former

director of GOODMAN

and will become deputy

hy D.B. Macfarlane, 56,

director.

counsel.

FIELDER.

have worldwide responsibility for company's development in

UK operations, has been responsible for MeesPierson's growing involvement in the UK derivatives market.

BOC.

He has been a member of the board of Liffe, the London futures and options exchange, since 1992. His maln responsibility there is in the field of equity options, the type of product which traditionally has been most popular on the EOE.

With the EOE and the Amsterdam Stock Exchange again holding merger talks, the two exchanges have already announced that, if the link-up goes ahead, Möller would be appointed president of the enlarged group. Amsterdam Exchanges Holding. Ronald van de Krol

BP Africa chief

British Petroleum has named Fred Phaswana chairman of BP Oil Africa and chairman and chief executive of BP Southern Africa - the first head of its Africa operations to have been born on the continent.

Boro in northern Transvaal, Phaswana, 51, started with BP as a manual worker 30 years ago. He became president of BP Netherlands and Belgium in 1992, after a series of increasingly senior posts in BP Southero Africa. In his new job. he will have overall

of a newly integrated Africa region, including a network of some 1.400 service stations in 13 countries from Namibia to Kenya. Nim Caspell

head of National Australia

Bank's UK operations, has replaced Graham Hart as chief executive of the BANK OF QUEENSLAND. ■ VARITY, the international car parts and diesel engine producer, has appointed Yasuhiko Nara, a former Japanese diplomat, and Amaury-Daniel de Seze, executive vice president of Group Paribas and a former president of Volvo France, as members of its advisory board to help plan its future global strategy. Oskar Holenweger, former general manager of Bank J Vontobel in Zurich, has been appointed head of the **BANQUE SCANDINAVE EN** SUISSE board in Geneva. Ray Greenshields, managing director of Australia's AMP Asset Management, has replaced Phil Twyman as chief

> International appointments

general manager of AMP Retail

Please fax announcements of new appointments and retirements to : +44 171 873 3926 marked for International People. Set fax to fine'. · . . .

capitalist Hambro-Grantham,

Financial Services,

become chairman of the NATIONAL GALLERY OF Antonio Zoido Martinez, president of the securities house Central Hispano Bois, replaces Manuel Pizarro as president of the MADRID **STOCK EXCHANGE.** Pizarro has been appointed president

Bernard Allorent, for the last four years head of Banque Paribas Suisse, joins the business development department in Paris to oversee

BANQUE PARIBAS's activities in Europe, the Middle East and Africa. Allorent, 51, will be succeeded by François de

BRUSSELS 🛛 🖬 Warren Liu joins

hold these titles.

Blood, guts and abstract connotations

William Packer reviews 'Natural Forces' at Reed's Wharf Gallery

season has yet to get properly under way, the galleries are by no means empty and there is still time to catch up with any number of worthwhile shows missed in the pre-Christmas rush. The Reed's Wharf Gallery, shortly

part for a series

to move from its spectacular position overlooking the Thames below Tower Bridge - while it is still there, its view alone is worth the visit - is nothing if not enterprising in varying its shows of gallery artists with intelligently-chosen group and theme exhibitions. The latest, Notural Forces, presents a number of artists from around the world who, though their work may be abstracted to a degree, draw directly upon the natural and visible world as the source of their imagery.

It is a near-truism of criticism that abstract painting is landscape paint-ing of a sort, in the space and light it inevitably proposes beyond the sur-face of the canvas, but the truth is not quite so easy. The animal, the vegetable and the mineral come into it too, and abstract art is full of botanical, visceral and aexual connotation. oblique and overt, tasteful and not so tasteful, hinting at anything from seed pods to pudenda, fertility and mortality, blood and guts. We have lately had Mona Hatoum to thank for making biological tourists of us all, courtesy of the Turner Prize Exhibition, by virtue of her endoscopic trip through ber own insides. It is indeed another world in there. Hatoum is no abstractionist herself, but she shows clearly enough that guts are landscape after all.

The true distinction lies only in the degree to which the reference or suggestion is consciously accepted and declared. Here at Reed's Wharf it is inescapeable. Hughie O'Donoghue's large canvas "Approach" is a landscape in all but name, a sweeping atmospheric statement in brown and orange. Peter Randall-Page, by contrast, retreats Hatoum-like back into the womb with his "Imagined Objects", whether seed, pistil or embryo, each safe in its cubby-hole. Prunella Clough shows a large recent painting of what might be a

ore and more about New

York life is agenda-

driven or agenda-col-

Ithough their New Year tall pile of flower-heads, albeit simplified and schematic, firmly but lightly drawn in dark blue against a grey ground. It is a work as delicate and mysterious as ever, apparently offhand and matter-of-fact in the paint itself, yet done with the utmost refine-ment and exquisite judgment. In a sane world, in which the Turner Prize went to the best artist without limit of age or interest. Clough would already have won it several times. Still working as well as ever into her 70s, she is as good a painter as we have

Maurice Cockrill abows a large oew canvas, "Place of Fire", the ground divided vertically half orange, half grey, against which is drawn, in rich, sticky paint, the effective hint of leaves and branches, heavy with the sense of forcing one's way though undergrowth. Diana Howse sbows a set of small and simple evocations of flames and flares on the one hand, and of sheets of ice on the other, delicate veils of colour hot and cold against black. Varvara Shavrova lays sheets of colour over a ground tex-tured by clots and smears of pigment. These are lyrical and ambiguous, waves or clouds or aexual organs. Phi-lippa Stjernsward, Malu Stewart, Victoria Arney and Liza Gough Daniels complete what is an intriguing show.

> recent years, Chris Beetles has been responsible almost single-handed for the revival of

interest in illustration for itself, and for the retrieval of a mass of historical material that might otherwise have never been brought back to light. That is not to say there was no existing interest in the British tradition of satirical and humorous draughtsmanship, from the 18th cen-tury, through the Victorian illustrators and the Punch cartoonists to the present day. But it is all very well to speak of even such great names as Rackham and Tenniel, Shephard and Mary Potter, whose imagery is part of the pictorial furniture of our common childhood, when their work is still for most of us a thing set within the covers of well-worn books.

Beetles' regular celebrations of these artists, of which the latest has still some time to run, has changed all

that. And to see their so-familiar work macy of the study of the figure, and away from the texts it serves is to be forcibly reminded how good they are in their own right - witty, modest, ever-inventive, almost always funny, always humane. And it is good to be reminded, by the notes and unpublished studies on display, of the pri-

haustible as it is irresistible. the essential discipline of drawing. All the great names are there, and Natural Forces: Reed's Wharf Gallery, more - from Rowlandson to du Man-rier, Heath Robinson, Edward Lear, Mill Street SE1, until January 13. The Mervyn Peake, Ronald Searle, Pont. British Art of Illustration: Chris Bee-Anton, Mary Tourtel of Rupert Bear, tles, 8-10 Ryder Street, St James's Osbert Lancaster, Quentin Blake and SW1, until January 19.

> dance show at the Minette Lane Theatre, is another demonstration of black culture. At the end of the Saturday

Opera/Richard Fairman The Pearl Fishers

ome years ago when an andience survey asked people which opera they would most like to see, the vote went to Bizet's Les Pêcheurs de perles. The favourite duet for tenor and baritone included on so many operatic highlights discs had evideotly lured respondents into wanting to investigate the opera further. It took a while for English National Opera to respond, but The Pearl Fishers - sung in

調金

plain, unadorned Englisb, when the words can be heard is now a regular visitor. The company has had a couple of tries at getting it right, first offering a post-colonial interpretation that aimed to give the opera a politically-correct angle and then discarding that in favour of a pretty staging with oo obvious message at all - both of them, strangely, by the same producer and designer, Philip Prowse. His second thoughts amount to a atraightforward crowd-

pleaser, which is after all wby the opera was chosen in the first place. Bizet did oot set out to tackle important issues, but was merely decorating a love story from the Orient, Prowse. too, has settled for decoration - exotic colours dominated by reds and golds, burning incense in the temple, a sultry Indian Ocean atmosphere, and a trio of dancing boys so paleskinned that they must be student back-packers from Surrey. No matter; the pearls in Bizet's opera do not lie in the drama, they are musical through and through. Unlike some 19th-century French com-posers who followed the fashion for operas of far Eastern promise, Bizet was sparing with local colour and produced a score of inimitably Gallic del-

screw, nor yet the television

game show - is more terrible

than the clown. Threatened

with these capering horrors, I

will confess to anything, from

incest to simony. I supposed

that the first ten minutes of Le

Cirque du Soleil's performance

well-known authorities as Pres-

reply "Wrong again, chicks!"

decent enough circus turns set

icacy. It is not easy to make music as refined as this work in the Coliseum and Emmanuel Joel errs on the side of understatement, although the orchestra and chorus supported him well enough.

A similar problem often bedevils the casting. Should the singers be featherlight to suit the music or heavyweight to make an impact in this theatre? Elizabeth Woollett and John Hudson both have voices of Coliseum size and the challenge for them is to fine their singing down in Bizet's most exquisite solos. Woollett's Leila mixes some silvery momeots with others that lack poise and rhythmic security; Hudson's Nadir is best at full volume, but the top of his voice is so well placed that be can manage delicacy more proficiently. Most of the standard dramatic blustering, insofar as there is any drama, falls to the baritone Zurga and Michael Lewis puts it across with convincing force. Mark Richardson creates a suitably lowering background presence as Noura-bad the priest. That completes Bizet's small cast, but Prowse's production also makes room for a prowling female mime who is forever about to plunge ber dagger into this or that man - a frustrating role, as the plot never allows ber to finish the job off.

For the rest, Prowse fills Bizet's long empty spaces with dignified priestly marches and sensuous dances, leaving the music happily free from producer's interference to sedoce the ears. Saturday's performance was well attended, so the audience survey was clearly right.

Performances continue until February 21.

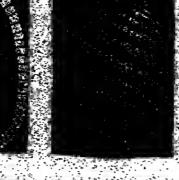
Circus turns

f all the instruments some sense of style! - it makes of torture known to up for in ebundant winsomeman, none - not the rack, not the thumb-

The clowns mop and mow, as clowns do, many of them suffering from nasty attacks of the Marcel Marceaus, and are very roguish indeed. (One, in baggy shorts, a base-ball cap, spindle-shanks and buck teeth, involved a man from the audience in his act. The victim

Womb-like, each safe in its cubby-hole: 'Imagined Objects', 1992, by Peter Randall-Page

ARTS







▲ ▼ ▲ oured these days. So it is no surprise that the city now has its own agenda dance musical, Bring In Da Noise, Bring In Da Funk. The show - subtitied A Tap/Rap Discourse on the Staying Power of the Beat, with a text by Reg E. Gaines, and choreo-graphed by Savion Glove who is being bailed as the greatest tap dancer ever seen by people who should know better - recently opened at the Public Theater, and has been selling out. I might have enjoyed it more had l been warned that it bad an agenda on its mind; to be taken by surprise by the unrelenting force of its agenda was a very nasty sbock.

It has been un-p.c. since the late 1970s for whites to praise blacks for their rhythm (it counts as a form of racial discrimination). Blacks, bowever, bave been able to carry on rejoicing in their rhythmic intuition; and in this age of multi-culturalism they are able to claim rhythm as part of their heritage. Up to a point I have no quarrel with this. in 1989, Claudio Segovia and Hector Orezzoli produced an enthralling Broadway celebration of black jazz/blues/tap, Black ond

Blue, that I wish had come to London: it was a sequel to the same men's productions of Tango Argentino and Flamenco Puro, and at one profound level of aesthetic experience it afforded precisely the same marvel-

lous delight Possibly Bring In Da Noise may have started out with harmless enough intentions. "In the beginning there was ... " say projections at the start, "da beat!" And you see four tap dancers and two drummers making the beat, framed by a female singer and a male talker, but beat, not words, is what you take in. Unfortunately the beat is, at first, not only noisy and funky but also a little monotonous. The four dancers are fresh and accomplished - but they mean to make da beat exciting, oot

seductive. But Bring In Da Noise is basically a black moan. Its dancing has every and accomplishment, but it never transcenda the grinding solemnity with which it sells its agenda. It too is

Funk! Jam! Groove! on the agenda

New York Musicals/Alastair Macaulay

historical, but its account of history is highly politicised. We are shown the slave ships and life on the plantations. We are shown the incorporation of blacks into American cities and into industrial labour and into urban racist lynchings. We are shown black culture traduced by the phoney chic of Harlem clubs and Hollywood musicals. And we are shown four recent decades of black street-corner culture.

> his version of black history does injustice to, among other things, blacks them-

blacks, da beat survives.

Despite all that whites have done to

selves: these versions of Har-lem and Hollywood that are shown lem and Hollywood that are shown onstage are wilfully cheap travesties of superb and influential black art-istry. The dance highlight of *Bring In Da Noise* is a long solo for Glover himself. Called "Green, Chaney, Buster, Slyde," it is his demonstration of all be learner form these furthers. of all be learnt from those four masters of black tap dancing, and you

could study it repeatedly for the many points of tap style it carefully demonstrates. Glover never stops dancing. and the steady flow of his energy throughout is perhaps his greatest feat of all.

The solo is spoilt, however, by the taped antobiographical voice-over that accompanies it, turning it into a lecture-demo. And, soon enough, the solo shows you that Glover is the best of apprentices hut, unlike his teachers, not himself a master-artist. The solo - less of a tribute than a graduation display - reveals that he simply lacks his teachers' individuality of temperament. Watching one of Chuck Green's last

performances in 1988. I wrote "Tap is his daimon", so remarkable was the visceral force with which Green danced even in old age. Glover, by comparison, is just a callow youth who, for all his identification with modern urban funk, has not yet discovered himself in his dancing. Jam on the Groove, an off-Broadway

night performance | attended, one of its dancers announced that what they had been dancing (for some 90 minutes) was sheer hip-hop as they had practised it as kids on the streets at the Royal Albert Hall would force me to confess to some eight years back. Hip-hop puro, in fact.

so many more. The list is as inex-

Hip-hop style is physically interesting and some of the acrobatic feats involved are astounding. One dancer specialises in upside-down multiple pirouettes, going around at least ten times on his head; another demonstrates an impulse passing up the highly developed muscles of one arm, along his equally developed shoulders and down the other arm with chillingly anatomical articulatioo. You can imagine what the accompanying noise was like. But hip-hop, at least in this pure form, is never crystallised into rhythmic organisation. You watch stunt after stunt, but the stunts do not develop a serious

rhythm of their own. Noise! Funk! Jam! Groove! These in a lurid frame of ugly cos-tuming and psychedelic hightshows try to celebrate recent trends ing, with a rancous and overin urban street culture, but they serve lond rock accompaniment. What it lacks in visual wit -oh for Roland Petit to give it only to demonstrate the rhythmic impoverishment of the age we live in.

with a horde of the scamperproved considerably more ing, yapping creatures creating engaging and entertaining as a mayhem among the audience performer.)

Four lady contortionists indulge in one of the less enjoying myself. But there are agreeable human activities reserves of strength known to sitting on each other's heads, the pure in heart, and I will go and two beefy chaps in green to the stake before I say that tights strain to balance on varthe evening was worth while. Saltimbanco - sncb is the ious parts of their musculature (a sight which inspired a title of the show - is said to be woman in front of me to paroxthe "new" circus from Monysms of screaming). There is a brilliant juggler (seven balls on treal. It comes trumpeting ecstatic comments by such the go at one time) and a fine female trapeze artist who sails ident Clinton and Elizabeth intrepid and serene above our beads. I do not find that the Taylor. Reinctant as I am to contradict the President of the other acts bear much compari-United States and a much-marson with performers I have ried cinema actress, I can only seen with Chinese and Russian circuses. The rock music and Saltimbanco is a collection of the singing are noxious.

Oo Saturday, passing through south London, I saw a big top emplazoned with the words The Circus from Hell. That makes two of them.

WORLD SERVICE

received in western Europe

BBC for Europe can be

Clement Crisp

INTERNATIONAL ARTS **HIDE**

AMSTERDAM

CONCERT

Concertgebouw Tel: 31-20-5730573 · Radio Symfonie Orkest and the Groot Omroepkoor: with conductor Richard Dufallo, soprano Roberta Alexander, mezzo-soprano Jard van Nes and cellist David Geringas peform works by Gubaidulina and Tippett; 3pm; Jan 13 **OPERA & OPERETTA** Het Muziektheater Tel: 31-20-5518117 Werther: by Massenet. Conducted by Edo de Waart and performed by De Nederlandse Opera. Soloists include Martin Thompson, Gilles Cachemaille Susan Graham and Henk Smit; 8pm; Jan 14, 16

ANTWERP CONCERT

De Singel Tel: 32-3-2483800 Symfonie-Orkest van de Munt: with conductor Gunther Herbig perform the overture to Wagner's "Lohengrin" and Bruckner'a

MUHKA - Museum van Hedendaagse Kunst Tel: 32-3-2385960 Bernd Lohaus: retrospective of the German artist (1940), who lives in Belgium aince 1966. The display includes sculptures, installations, paintings and drawings; to Jan 14

"Symphony No.7"); 8pm; Jan 13

BERLIN

EXHIBITION

DANCE **Deutsche Oper Berlin** Tel: 49-30-3438401 Les Intermittences du Coeur: a choreography by Roland Petit to music by Saint-Saàns, Wagner, Faure and Debussy. Performed by the ballet of the Deutsche Oper Berlin. Soloists include Simone Noja, Mayumi Katsumata and Franck

BONN

Balbi; 7pm; Jan 13

OPERA & OPERETTA Oper der Stadt Bonn Tel: 49-228-7281 Don Giovanni: by Mozart. Conducted by Shuja Okatsu and performed by the Oper der Stadt Bonn. Soloists include Michael Volle, Karen Notare and Hasmik Paplan; 8pm; Jan 10, 13 (7pm)

CHICAGO

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OPERA & OPERETTA Civic Opera House & Civic Theatre Tel: 1-S12-332-2244 The Makropulos Affair: by Janacek. Conducted by Brutto Bartoletti and performed by the Lyric Opera of Chicago. Soloists include Catherine Malfitano, Kim Begley,

Tom Fox, Stephen West and John Duykers; 7.30pm; Jan 12, 15

5pm; Jan 13

CONCERT Musikhalle Hamburg Tel: 49-40-346920 NDR-Sinfonisorchester: with conductor Paavo Berolund and planist Leif Ove Andsnes perform works by Kokkonen, Beethoven and Sibelius: 11am; Jan 14, 15 (Bpm)

HAMBURG

HELSINKI **EXHIBITION**

The Museum of Finnish Art-Ateneum Tel: 358-0-173381 Photographs by Hugo Simberg: exhibition of photographs made by the painter and graphic artist Hugo Simberg (1873-1917) of his family estate, given to the museum by the artist's son Tom Simberg; to Jan 14

LONDON

CONCERT Queen Elizabeth Hall Tel: 44-171-9604242 The London Philharmonic: with conductor Elgar Howard, saxophonist John Harfe and percussionist Paul Clarvis perform works by Beethoven, Varese, Birthwistle and Crumb; 7.45pm; Jan

11 Wigmore Hall Tel: 44-171-9352141 Kurt Nikkanen and Christina Ortiz: the violinist and pianist perform sonatas by Mozart, Beethoven and Faure; 11.30am; Jan Sergei Leiferkus: accompanied

by planist Graham Johnson. The baritone performs 13 of

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MADRID CONCERT Auditorio Nacional de Música Tel: 34-1-3370100 Orquesta y Coro Nacionales de España: with conductor Theo Alcántara, pianist Alicia de Larrocha and soprano Maria Orán perform works by De Falla, commermorating the death of this composer 50 years ago; 7.30pm; Jan 12, 13, 14

MEXICO CITY EXHIBITION

Museo del Palacio de Bellas Artes Tel: 52-5-5101388 Cart Milles, Esculturas: exhibition of the work of the Swedish sculptor Carl Milles (1875-1955) who studied in Paris and worked with August Rodin. All the works on display come from the collection of tha Museum Hillesgarden in Stockholm; to Jan 14

MUNICH

CONCERT Philharmonie im Gasteig Tel: 49-89-48098506 Münchner Philhamoniker, with conductor Sergiu Celibidache and planist Murray Perahia perform Brahms" "Piano Concerto No.2" and Prokofiev's "Romeo and Juliet"; 8pm; Jan 12, 14 (11am), 15, 16 OPERA & OPEREITA Nationaltheater Tel: 49-89-21851920 La Damnation de Faust: by

Berlioz, Conducted by Gerd Albrecht and performed by the Bayerische

.

Staatsoper. Soloists include Jeanne Piland, Ulrike Schneider, Vinson Rachmaninov's most famous songs; Cole, Alan Titus and Harry Dworchak; 8pm; Jan 13

NEW YORK CONCERT

The Metropolitan Museum of Art Tel: 1-212-879-5500 Guarneri Quartet: with gues singer baritone William Sharp perform works by Janácek, Barber and Schubert; 8pm; Jan 13 OPERA & OPERETTA Metroplitan Opera House Tel: 1-212-3626000 The Makropulos Case: by

Janácek (in English). Conducted by David Robertson and performed by the Metropolitan Opera. Soloists include Jessye Norman, Hakan Hagegard, Graham Clark and Donald McIntyre; 8pm; Jan 11, 18

DANCE Norske Opera Tel: 47-22-429475 The Nutcracker: a choreography by Bjoern to music by Tchaikovsky, performed by the Norwegian National Ballet; 6pm; Jan 10, 11, 12, 13 (3pm)

PARIS

CONCERT Maison de Radio France Tel: 33-1 42 30 22 22

 Portrait de Yourl Bashmet concert programme devoted to viola-player and conductor Yun Bashmet, starting with Yun Bashmet performing works by Shostakovich, Stravinsky and Ravel (5.30pm). Next the viola-player and the Soloists of

Moscow perform works by Schnittke and Hindemith (7pm). To conclude the programme the Orchestre National de France with conductor Charles Dutoit and Yuri Bashmet perform works by Kancheli and Bartók (8.30pm); 5.30pm, 7pm & 8.30pm; Jan 13

ROME CONCERT

Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064 Orchestra dell'Accademia di Santa Cecilia: with conductor Jeffrey Tate perform works by Berg, Haydn and Mendelssohn's "Die erste Walpurgisnacht"; 5.30pm; Jan 14. 15 (9pm), 16 (7.30pm)

VIENNA

CONCERT Musikverein Tel: 43-1-5058681 Wiener Symphoniker: with conductor Wolfgang Sawallisch and mezzo-soorano Marjana Lipovsek, perform works by Brahms. **Beethoven and Wagner's** "Wesendonck-Lieder"; 7.30pm; Jan 13, 14

ZURICH

CONCERT Tonhalle Tel: 41-1-2063434 · Carmina Quartett: and planist Mitsuko Uchida perform Haydn's "String Quartet No.2", Szymanovsky's "String Quartet No.1" and Brahms' "Plano Quintet in F minor"; 7.30pm; Jan 14

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Tonight Toniaht

COMMENT & ANALYSIS



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Mr Tony Blair, the UK's prime-minister-in-waiting, last week told Japanese business leaders what "New Labour" believes in. The audience must have found his message pleasing, not least for the welcome he offered inward investment. It is less clear that it will please those on the left back in the UK who still believe in full employment and less inequality.

Mr Blair gave support to low inflation and sustainable public finances; inward investment; internationally competitive tax rates; minimum labour standards - though not ones thet "lead to rigidity or inflexibility in labour markets": no repeal of the main parts of 1980s trade union leg-islation; partnership between the public and private sectors, to "revitalise our infrastructure"; educational reform; and an active role in Europe. including participation in the social chapter.

Politicians on the left of the Tory party should not find all that much to object to in this list. It is indeed "one nation" stuff. So has a new orthodoxy - Blajorism - replaced the Butskellism of 1945-75? If that were the case, would it also represent a satisfactory outcome to 20 years of fierce political controversy? The answer to the first ques-

tion seems to be that, as then, both parties offer variants upon a common approach. But the answer to the second question is "not altogether". Why the consensus is problematic was incidly explained in a short book by James Meade, published shortly before his

death in December.* Meade was, with Sir John Hicks, one of the two greatest British economists since Keynes. Yet for much of his professional life, be was too pro-market in his attitudes to gain attention from the left and too egalitarian to be listened to by the right. Then, when the left at last embraced the market, he became too egalitarian for both sides. The problem that most con-

was unemployment. In the 1960s, the UK's unemployment rate was less than 3 per cent. But in the 1980s it peaked at over 11 per cent and its most recent level is still 8 per cent. As the chart shows, the concomitant decline in employment has been essentially a

Martin Wolf

problem for men. As he continued his prog-ress round Asia, Mr Blair showed in Singapore yesterday thet he is aware of the challenge: "A life on benefit... is not what most people want. They want independence, dignity, self-improvement, a chance to earn and get on. The problems of low pay and unemployment must be

tackled at source." These are fine words. But how might what was once thought of as full employment be regained? Meade's answer was that it depends upon two principal conditions: "First, that there are proper demandmanagement arrangements to ensure an adequate and stable level of money expenditures on goods and services ...; and, second, that the workers who seek employment in a

free-enterprise economy ... offer their services at a low enough real price for competing employers to employ them

Meade had no doubt that a part of the solution was to allow wages to adjust until everyone who wanted a joh could have one. This contrasts with today's standard nostrums on the left, which call for more education and training to produce a "high-wage, high-skill" economy, combined with minimum wages and higher officially mandated employment conditions.

Yet there is no necessary link between the skills of a people and the rate of unemployment. Although the US has a less broadly educated labour force than Germany's, it has generated more jobs and lower unemployment. As Meade noted, education and training "are concerned basi-

If Tony Blair wants to get rid of joblessness he will have to implement radical policies to price workers back into jobs while compensating them through the welfare system cerned Meade in the 1980s and cally with raising the output torted their own labour mar-assets accumulated by the again in the 1980s and 1990s per bead of those who are in kets by imposing high mini-state over a lengthy period for employment rather than with the number of heads that will find suitable employment". Whatever the stock of skills and physical capital may be at any moment, full employment, in the old sense, will emerge only if the labour market clears. Improving the stock of akills might make that easier.

Path to full employment

by raising the real wages employers can afford to pay. But whether it does so in practice depends on how the market works. At present it does not work well enough in the UK and worse in most continental countries. People promptly object that the UK cannot - or should not compete on the basis of low wages or, in the European context, of "social dumping". Such complaints are absurd. As Meade argued, provided there were no direct subsidisation of wage rates, the real

wages for unskilled UK labour would simply become what they need to be to absorb the available labour supply. European countries that have dis-

The good and the bad in the UK's employment record

Employment, 1993 UK erm (As, % of working population") (Million") 15 Total Men 13 1978 80 82 84 86 88 90 92 94 US UK OECO US UK OECO Europe Europe *Aged 15-64 Source: Department of Employment, OECI

kets by imposing high mini-mum wages, high taxes and state over a lengthy period for the benefit of all citizens. high mandated labour stan-If adverse trends in the dards insist that others should demand for unskilled labour continue. European welfare do the same so as not to inconstates may well be forced to venience them. Such a partnership in folly is no basis for contemplate such a policy amicable relations. package. The standard Euro-

Yet there is one cogent objection to labour market pean alternative of bigh labour standards, high taxation of unskilled labour and clearing, that it may - and, on US and UK evidence, will lead to a substantial increase in both poverty and meguality. But the answer to this genuine concern is not to distort the cost of labour, rather it is to weaken the link between the standard of living of poor people and the wages they earn. That makes reform of the

welfare state a necessary complement of labour market reform if onemployment is to be durably lowered. Meade's proposal was for a citizen's income, which would guarantee a given basic income to tial. He observes, for example everyone. Initially this would be paid for ont of taxation. Ultimately, however, it would derive from the income from

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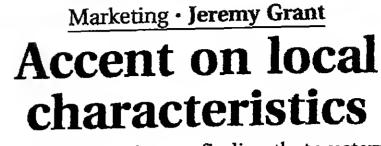
high benefits for those out of work has demonstrably failed. Meanwhile, the US alternative of liberal labour markets and virtually no welfare has lowered unemployment and generated a far higher ratio of employment to the economically active population. But the low wages available to unskilled people have not only resulted in substantial

inequality, but have also contributed to the growth of begging and, worse, crime. Mr Blair realises that reform of the welfare state is essen-

that the welfare state "suffers today from two important weaknesses; it does not alleviate poverty effectively and it does not properly assist the growth of independence, the move from becefit to work". Both criticisms are correct. But Mr Blair's solution is at the least obscure. It is not made any less so by his refer-ences to a "stakebolder economy. which involves all our people, not a privileged few". A left-of-centre government should aim to combine labour market clearing with a welfare system that provides an acceptable minimum income

to those who would then earn low wages. This will almost certainly demand higher taxes from some people. If so, Mr Blair needs to sell that idea. If he fails to do so, Labour's policies are, in practice, likely to increase cyclically adjusted unemployment over any period in office. J.E. Meade, Full Employment

Regained? An Agathotopian Dream, Department of Applied Economics Occasional Papers 61, Cambridge University Press. 1995.



Foreign agencies are finding that western advertising instincts clash with customs in Vietnam

In Vietnam, it only takes a small stroke of the pen to create a big misunderstanding, as US electronics giant Motorola found out to its cost to a television advertisement last year. The product was a pager which for the first time allowed the use of accents over Vietnamese characters, essential to the proper understanding of the language.

The television commercial showed a pager message going out to a footballer on his way to a game, reminding him not to forget to bring the ball. Accents on the word for "ball" were deliberately left out of the message, changing the mean-ing to "cake". The footballer was duly shown on the pitch clutching a cake. "It bombed," says one for-

eign advertising agency execu-tive. "The Vietnamese thought it implied the guy wasn't bright enough to see what the message should have been. It was a great idea but they probably shouldn't have played around with the language Motorola is not alone in find-

ing that western advertising instincts can clasb with local cultures in Vietnam.

Although other countries in the region present similar difficulties, Vietnam's years of socialist isolation have added an extra dimension. Vietnamese officials are wary of the effects of unfettered consumerism on traditional culture, the government is uneasy about opening the door to western agencies and officials are unsure how to regulate them once they are in. Foreign agencies have flocked to Vietnam since the

country's nine-year-old marketoriented reforms started to produce rising urban incomes. Signs hearing the names Ogilvy & Mather, McCann-Erickson, Leo Burnett and J. Walter Thompson are common in of Ho Chi Minh City, a bust-ling industrial centre, although

less so in Hanoi, the capital. In Ho Chi Minh city, where memories of US brands common before 1975 still linger. average per capita income is \$810, and 90 per cent of resi-dents have access to television. These are rich pickings for clients of the agencies - the multinational consumer groups.

A further attraction is that advertising costs are low. A 30secood, weekend prime-time slot on television in Ho Chi Minh City costs just \$900, up from \$720 last year. In Europe. the same slot would cost about \$20,000. Industry sources say that billings last year were estimated to be \$90m and are set to rise this year. However, few of the agencies

operate in much comfort. Although representative offices are allowed, agencies are not permitted to book business in Vietnam and are forced to book work offshore.

Most had been quietly establishing informal relationships with local agencies in the bope of forging joint ventures. But in July, the ministry of culture, which regulates the industry, unexpectedly said it would allow only a looser "co-operation" contract. "We would prefer to have joint ventures in order to have equity. We are hoping that the govern-

Officials are wary of unfettered

consumerism, the government is

uneasy about

western agencies

and officials are

unsure how to

regulate them

ment will change their minds on that," says Mr David Bell, chairman of Bates Vietnam.

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Shortly afterwards, accusanons of cheating at 14 foreign agencies appeared in the local press and the authorities, suspicious that some agencies were abusing representative office status, conducted wideranging tax inspections.

This has unnerved the acen cies, which now question whether the authorities welcome them at all. "They look at us and say we are not com-ing in and building bridges and roads. International ogencies are the punnacle of capitalism so they fear us giving an unfair advantage to foreign brands, says one senior executive with

a leading agency. Industry sources say that

some smaller agencies were breaking the rules. Mr Vo Ngoc An, vice-director of the Ho Chi Minh City branch of the Ministry of Culture, prefers to see it in terms of finding the right way to regulate foreign agencies. "I think that when foreigners come here to invest. they want to promote their products. We just want to regulate them in the correct way." The authorities are also trying to regulate the local agen-

cies. launching a campaign this month to reduce the 300 hillboards cluttering the city's skyline and ordering an industry-wide review of practices.

There are also plans to encourage the use of Vietnamese in all advertising, and advertisers are being urged to emphasise "Vietnamese char-acteristics" where possible. A recent advertising campalga by lingerie manufacturer Triumph depicting western girls wearing nothing but underwear was deemed to have overstepped the mark.

An official points out: "If you paint a picture of a young girl with few clothes on, that's not very Vietnamese. We are trying to maintain our traditional characteristics.

the timing and magnitude of

the package were consistent

with prudent macroeconomic

view is that the package a impact on inflation is not

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Further, the Reserve Bank's

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·LETTERS TO THE EDITOR·

The future is serious business at Ford.

That's why we're their new stratégic partner.

Finany, isn't it, how views of the future change so rapidly. Just ask any corporate visionary you happen to meet. Better yet, watch the news.

Because on December 19th, 1995, Ford Motor Company and SDRC impacted the future of the antomotive industry, with the announcement of the Ford-SDRC strategic technology partnership.

Two years ago, when Ford began evaluating CAD/CAM/CAE software companies, they were searching for a vendor. In SDRC they found a partner, selecting us for several compelling reasons.

First and foremost was our technology heritage of nearly 30 years in mechanical design, engineering. and manufacturing automation. As the leader in engineering-driven design, SDRC will add value to Furd's ever-sharper focus on technology.

Second was that, when Ford learned of SDRC's goal and vision - and of our proven record in process re-engineering -- they knew our strategic directions and corporate philosophies would match beautifully.

Third, Ford knew that SDRC already possessed an advantage they prized: the integration of product data management and CAD/CAM/CAE. This marriage of technology is not wholly understood or capitalized upon by the manufacturing world at large, much less by any SDRC competitor. But at SDRC, our enterprisewide teams and tools create true concurrent engineering environments for our customers.

Finally, in an industry that emphasizes the technical, it would be easy to underestimate the importance of the human element. But Ford did not. Impressed with the quality of SDRC people and our consultative technical services approach, Ford decided to make us all partners in their quest for enhanced automotive quality.

Thank you, Ford, for setting a powerful new competitive standard. As for other companies looking for the path to success. call 01462-140222. And keep your eyes on the future. Because that's where you'll find SDRC.

We Engineer Your Success.™



Structural Dynamics Research Corporation (UK) Limited, Milford House, Priory End, Hitchin, Hertfordshire, SG4 9AL; Phone: 01462-440222; Pax: 01462-440522; NASDAQ (SDRC); Internet: http://www.sdrc.com/ SDRC is a registered medemark of Structural Dynamics Research Corporation.

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Confusion of debates on balancing budgets

From Professor Lawrence A. Sir. Your editorial ("Fiscal crisis of the state", January 6/ 7) rightly points out that the "theme of the decade", for countries around the world, is fiscal soundness. However, we

should not confuse a country's fiscal soundness with its political rhetoric concerning a balanced budget. For example, in the US the balanced budget debate has been an annual "political sport" for decades. This year's game has taken on added attractions with two partial government sbutdowns in as many months. Discussions on the fiscal soundness of a central government would be far more productive if they focused on the process, rather than the outcome, of efficiently

government, as do most central governments, follows a unified budgeting process. Under this process, both capital and operating expenditures are charged to the period. Thus, debates on balancing the annual budget are mixing up short-run benefits with long-run benefits. At best, debates on balancing the budget are confusing. At worst these debates are resulting in forther leterioration of the US infrastructure - something our fiscal soundness can ill-afford.

University of Maryland-College Park,

Lawrence A. Gordon professor of managerial accounting; co-editor of the Journal of Accounting and Public Policy, College of Business and Management

College Park, MD 20742 US

not a challenger, only had a 33

per cent rating. Is it possible that the longer

more the Republican party will

this shutdown continues the

benefit? Although Mr Dole's

expense of his challengers, it

will consolidate once and for

all his position as the

Republican candidate.

Eileen O'Connor,

Glen Ridge, New Jersey, US

20 Edgewood Road,

rating will increase at the

US shutdown good for Dole

From Ms Eileen O'Connor. Sir, Senator Bob Dole's determination to end the US government's partial shutdown has boosted his approval rating to 63 per cent, up 11 points in ooe month. His gap behind President Clinton has narrowed to 48 per cent against 42 per cent versus 52 per cent against 38 per cent last month. None of Mr Dole's challengers for the Republican nomination scored double figures in the poll. Even Speaker Newt Gingrich, although thankfully

allocating scarce resources.

Take the US budget crisis as

an example. The US federal

The mathematics of Buffett

From Dr A.P. White. Sir, John Train's mathematics are at fault in his article "Making mooey the Warren Buffett way' (December 30/31). Doubling every year for 20 years gives a multiplication factor of rather more than 1m. If the starting capital is \$1,000, then the sum after 20 years is actually \$1.048,576,000 before tax. it is not clear what tax rate is intended hut, assuming a rate of 30 per cent, this gives a final figure of \$734,003,200. On the other hand, paying

tax at the same rate of 30 per cent every year means that the annual multiplication rate is 1.7, rather than 2. Over 20 years, this gives an overall multiplication factor of a little more than 40,642. Thus, under the second scenario, the final sum is \$40,642,314. A.P. White School of Mathematics and

Statistics, University of Birmingham, Edgbasto Birmingham B15 2TT. UK

NZ monetary and fiscal policy consistent and has **Reserve Bank support**

From Mr W.F. Birch. Sir. I take strong exception to your coverage on December 14 ("NZ plans tax cuts for lower earnings") and 19 ("Push and pull of NZ policy") of the announcement of the New Zealand government's tax and social policy package and the release of the Reserve Bank of New Zealand's six-monthly monetary policy statement. Your correspondent made the following claims: The Reserve Bank tightened monetary policy in response to the announcement of tax reductions; The New Zealand Treasury assessed the tax cuts as

affordable - but only just; The Reserve Bank disagreed with the Treasury's essment thet the tax reductions were consistent with the achievement of the 0 per cent to 2 per cent inflation target.

Your article of December 19 molies that short-term economic prospects will suffer due to inconsistent monetary and fiscal policy settings. On the contrary, throughout the development of the tax and social policy package, the government has tailored the package to ensure that it is consistent with sustained economic growth and price stability. Reflecting this, the government imposed on itself a set of conditions which was required to be met before a definite commitment was made to proceed with tax reductions. One of those conditions was that there would be no tax reductions if there were significant risks of strong inflationary or balance of payments pressures emerging es a result. In making that judgment, I sought the advice of the governor of the Reserve Bank prior to making a final

advice, the governor

specifically commented that

decision on the size of the package. I publicly released that advice on December 13 with the December economic and fiscal update. At thet time, the Reserve Bank publicly to reinforce in the years ahead. reaffirmed its comfort with the advice which it had originally W.P. Birch. provided in November. In his

minister of finance, Parliament House Wellington, New Zealand

goal or erode the public's expectations of ongoing price stability. This view was reaffirmed in the bank's monetary policy statement of December 14. Finally, the governor's advice to me was that the package would not, of itself, ne cessitate any particular adjustments to monetary policy settings as the substance of the package was already incorporated into market expectations and the bank's policy stance. At the same time as f released the Reserve Bank's advice. I also released the advice which the Treasury had provided to the government on the tax and social policy package. The Treasury assessed the package against the conditions which the government bad set. It concluded that the conditions were prudently expected to be met, both to their letter and spirit. This hardly seems consistent with the grudging support alleged by your correspondent. Over the past few years, New Zealand has enjoyed a

remarkable period of strong economic and employment growth combined with price stability. The December economic and fiscal update, released last month, projects continued strong economic growth, fiscal surpluses rising, even after the tax reductions, to 5.6 per cent of GDP in 1998-99, inflation remaining below 2 per cent and a stable balance of payments position. That outlook is the product of consistent and prudent economic management which we have followed in designing the tax and social policy package and which we intend

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Tuesday January 9 1996

Double life, double legacy

lt will taka more than one generation of historians to settle François Mitterrand's rightful place in the history of France and of Europe. Seldom can a leader have dominated his coontry's poli-tics for so long a period while leaving commentators divided and uncertain not only aboot the rightness of his policies hut about the true stature of the man.

Throughout his career he surrounded himself with an air of mystery and intrigue which led him again and again to be written off as little more than a schemer. in his youth he had connections with the extreme right and with the wartime Vichy regime which came back to haunt him in the last year of his presidency. A brilliant career in the party intrigues of the Fourth Republic seemed to have ended in ignominy at the beginning of the Fifth, when there were suggestions that he had connived in a fake attempt on his life. Yet by 1965 he had emerged as frontman for a left which had united in opposition to de Gaulle, After 1968 he was ostracised again for having let himself seem willing to be propelled into power by strikes and demonstrations rather than the ballot box.

But in the years that followed be rebuilt the shattered socialist party, ingeniously using a strat-egy of alliance with the communists as an engine to reduce their influence until, in 1984, he was able to treat their departure from his government as a matter of indifference.

Having built his power on relentless opposition to the Fifth Republic, he proceeded, once elected president, to assume de Caulie's mantle and all his constitutional powers. Like de Gaulle, he represented the state with a certain houteur and sense of style, which bolstered the self-respect of many of his compatriots. And after two years of radical leftwing policies, including a swathe of anachronistic nationalisations, he made an abrupt U-turn, becoming the chief pedagogue of France's painful initiation into the realities of power and the market in late

20th century Europe. Such a teacher was badly needed, and perhaps only one with Mitterrand's laboriously acquired leftwing credentials could have succeeded. in the years before 1981 two impeccably orthodox instructors, President Valery Giscard d'Estaing and his prime minister Raymond Barre, had failed dismally to get their message across. Mitterrand did better, liberalising the French economy and imposing on his country the constraints of

The present crisis sees France again polarised between right and left, threatening the consensus in favour of European integration which Mitterrand so carefully nurtured, in one way that is a vindication: it shows how necessary his tactical skills and ambiguities were to the successful introduction of reform. On the other hand, it also shows how much of the necessary reform he left undone.

Sources: FT Extel, Value Line the European single market.

Labour's tune

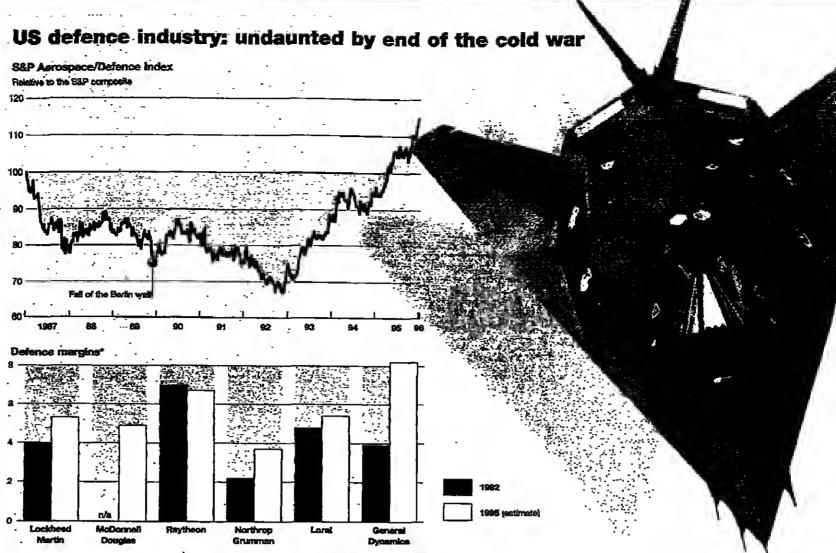
The House of Commons returns today to a familiar political land. scape. For all Mr John Major's appeals for unity, the Conserva-tive party still appears bent on self-destruction. Divisions over Europe, the economy and the welfare state are robbing the government of strategic purpose. The general election is at most 16 months away, but the prime minister's energy is absorbed in soothing the warring factions in his own party rather than in shaping a prospectus for the nation.

By contrast, Mr Tony Blair is cushioned by a lead of 25 points in

listened to the Labour leader over the past 18 months: the primacy of education as the route both to economic success and social cohesion, the need for partnership between government and industry, the importance of giving every citizen matching rights and responsibili-ties. In Mr Blair's world, rich and poor alike would have a stake in economic success, in a reformed

welfare state and in rebuilding a

deeper sense of society. His critics will rightly point out that there is little here in the way of hard policies. The promises of a transformed education system and a reformed welfare state come much easier than the detail. But it would be wrong to underrate the political significance of such speeches. Having dumped the statist and egalitarian instincts of his party's past, Mr Blair is writing a new songsheet for the electorate. The chorus - that economic efficiency and social cohesion are complementary not exclusive mately equal size have come has much resonance in the insecure 1990s. A few months ago, the government began to compose an alter-native hymn. The UK could prosper in the chill winds of international competition to become "the enterprise centre of Europe" only with the Tory agenda of liberalisation, deregu-lation and low taxes. It was a refrain well worth listening too, but one soon drowned out by the discord within Mr Major's party. It is hardly surprising that the vot-



From swords into cash

"Net samings as % revenues

The rationalisation of the US defence industry is costing jobs but is proving very profitable for shareholders, says Tony Jackson

even years on, the US defence industry is still grappling with the end of the cold war. Its most drastic response, a series of giant mergers, is still in full swing. Last week came Northrop Grumman's \$3bn (£1.94bn) purchase of Westinghouse's defence business. That was capped by yesterday's \$9bn bid for Loral by Lockheed Mar-

COMMENT & ANALYSIS

tin, Itself the result of a merger only 10 months ago.

The driving force is simple enough. The US government's spending on defence procurement peaked at \$82bn in 1991. This year, it will be some 40 per cent below that figure. While Mr Newt Gingrich's Republicans are publicly committed to reversing the cuts, few in the industry expect the substance

period of sharply dropping revenues for the industry as a whole. Loral's decision to sell itself to Lockheed Martin - by now established as the industry leader - is thus a stark illustration of the scale of the pressures the industry faces. But these pressures need to be carefully defined.

While defence companies' revenues have fallen sharply since 1991. profits have done the reverse. At the aircraft maker McDonnell Douglas, sales since 1991 are down by some 23 per cent, but net profit has almost doobled. For a group of seven leading defence contractors. net profit margins rose from 3.1 per. cent in 1992 to an estimated 5.4 per cent last year. The most obvious and public rea-

son for this has been cost-cutting, with or without the benefit of

continued indefinitely. Sooner or later, workforces will be brought in line with reduced demand. And in some parts of the industry, such as me manufacture, there is no arriran substitute for large, centralised plants.

Another much-touted escape route for the industry has been the turning of swords into ploughshares: so-called "conversion", whereby military technology is put to commercial use. Thus, the makers of flight simulators are turning to the production of arcade games; or, more seriously, a surveillance specialist such as Raytheon can secure a \$1bn-plus contract for monitoring the environment in the Amazon basin.

n general, this has proved a disappointment. As a senior

risk on to the taxpayer through a system of cost-plus contracts. The majority of the old fixed-price contracts, struck on slim or zero margins, have now moved out of the expensive development stage and into the more profitable phase of

production. That leaves one vital source of improved profitability: the slowdown in the industry itself. While defence companies are reaping the benefits of past investment, they no longer have to re-invest on the

same scale. Mr Byron Callan, defence analyst at Merrill Lynch, says: "This is a mature industry with an exceptionally long product life-cycle. The F-15 or F-16 fighters were designed in the 1960s, entered production in the late 1970s and will probably still be

the bottom now, 10 years from now the US military has a very interesting problem in maintaining its size, based on elderly capital assets. Russia and China will have the same problem, and parts of Europe as well."

Stealth F-117A Aircraft

13

in other words, the defence industry could prove very profitable for its long-term survivors. in the US, there is certainly more

consolidation to come. There are still several competing suppliers in many areas, such as missiles and naval vessels. And the US govern-ment - which is, after all, directly responsible for the drop in revenues ~ is-plainly disposed to turn a blind eye to reduced competition and higher profitability in the interests of keeping the industry alive.

This could in itself prove crucial to the US industry's future. The

the opinion polls and by a selfdiscipline in the Labour party born of 17 years in opposition. The growing assumption, abroad and at bome, that Mr Blair is on his way to 10 Downing Street gives an authority to his pronouncements which Mr Major can only envy. The Labour leader bas not been slow to capitalise on the willingness of the media to invest his

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speeches with revelatory qualities. In Tokyo last week he was filmed assuring business leaders that Labour was oow the champion of competitive markets, inward investment and the enterprise economy. in Singapore yesterday morning, he coined what promises to be a ceptral slogan of his electioo campaign by setting out Labour's plans for a "stakeholder economy". At last, said the television and radio news bulletins, Mr Blair had outlined his "big Idea".

in fact, most of the thoughts will be familiar to those who have ers are bumming Mr Blair's tune.

to match the rhetoric. In the resulting process of consolidation, the Loral-Lockheed deal marks a new and significant stage. So far, mergers have broadly taken two forms. In the first, companies not committed to defence, such as Westinghouse, Ford or Honeywell, have sold their defence divisions to the industry specialists. Second, defence contractors of approxi-

together, such as Northrop and Grumman or Lockheed and Martin Marietta. Loral to date has been very much a predator rather than prey in the process of buying those not committed to defence. Since 1990 it has mounted a series of aggressive acquisitions under its highly regarded chief executive Mr Bern-ard Schwartz, including the defence divisions of Ford, Honeywell, Uni-

sys and the steel company LTV. As a result, its revenues have risen by more than 25 per cent a year, in a

merger. The combination of the aircraft makers Northrop, Grumman and Vought led to 14,000 job losses last year in a combined workforce of 53,000. The addition of the Westinghouse defence business will doubtless produce more cuts again. Similarly, Lockheed Martin is in the process of cutting 12,000 out of 170,000 jobs and closing 12 factories. Again, the Loral deal will mean more of the same. by success".

Mergers apart, Raytheon, ths defence company based in Massachusetts, cut its employment in the state by a third, or 10,000, between 1990 and 1994, and redoced its plants there from four to one. It now threatens to move entirely out of Massachusetts - a traditional centre for the defence industry thus presumably escaping the state's traditionally high-cost, unionised workforce. But while cost-cutting has proved

surprisingly profitable, it cannot be

US academic says, from the mid-1970s the defence industry became so dependent on performance regardless of cost that few of its technologies were com-mercially viable. In addition, defence companies have little experience of marketing to the wide world. As Lockheed Martin's chairman Mr Norman Augustine said last year, "our industry's record at defence conversion is unblemished

On the other hand, there has been a shift in the industry's favour in the way the government pays for its contracts. In the heyday of the Reagan era, companies were tempted into bidding for business on fixed contracts. As one analyst pnts it, the industry thought, rather foolishly, that it could build something which had ovver been built before for a fixed price". With the ending of the cold war.

the industry has shifted more of the

being made in the next century. in the old days, the profits from such a product would largely be ploughed into the next generation of weapons, to counter whatever the Soviet Union came up with. Now, the cash is mounting up. The Lockheed-Loral merged company, the companies said yesterday, will have free cash flow of between \$1.5hn and \$2hn a.vear.

To the extent that this is a self-liquidating process, it plainly cannot be cootinued indefinitely either. Yet it is not all gloom in the industry. While it is still going through a stage of ecormous transi-tion, there is evidence that defence spending worldwide has bottomed out. in the US, at least, the efforts of Mr Gingrich and his colleagues might even secure a slight increase. in addition, Mr Callan says, "globally, a lot of the military equipment bought in the 1960s to 1980s is coming to the end of its useful life. So while hudgets are bumping along

pressures for consolidation which are being felt in the US also apply across the globe. It is not impossib that in the next century, the world will support only a handful of giant defence contractors.

But in Europe, for instance, national sensitivities persist. At the local level, even second-league companies from the same country such as the UK's General Electric Com-pany and British Aerospace cannot agree the terms of a merger. Consolidation between the British, the French or the Germans will prove even harder. in such a world, a giant such as

Lockheed Martin, with revenues of \$30bn and an order backlog of \$47bn, has a headstart. It may prove correspondingly hard to catch up with in one sense, the convergence of the US defence industry is plainly a response to weakness. in another, it is very much a source of strength.

Financial Times

100 years ago

State of revolution declared

• **O** BSERVER・

up to 156 per cent, has been rewarded with four rocks hurled

through the window of its Kassel

· A message affixed to one of the.

humps of stone read: "Ringing was

Telekom Users". The company says

there is DM10,000 worth of damage

Germany's duller cities, known, if

If the good burghers of Kassel get this exercised about bigger

what will happen if the price of

later this year, should take an

Costa del Arctic

David Hempleman-Adams, the Brit who has just completed his

chilly solo and unsupported walk

looking forward to a pint of beer . -

and fish and chips. But he'll have

.....

to suffice with the Tasmanian

to the South Pole, professed to be

unexpected fumble.

phone bills, one cannot but wonder

Telekom shares, due on the market

to repair. Now Kassel rates as one of

at all, for its employment

too expensive - Union of Critical

shop.

tribunals.

They want to cut the starting . salary for janitors from \$573 a week to \$352 s week.

. . . .

version, because he won't be back on British shores for quite a while to come. His brother Mark says he will be

going directly to Hobart, where he is planning a yachting trip to locale the magnetic south pole (which is in the middle of the ocean).

Then it is back up to the Northern hemisphere to walk to the other magnetic North Pole accompanied by a select group of eight "ordinary" people willing to pay £15,000 for the privilege. No one is prepared to say when Hempleman-Adams might be returning to the UK. But last autumn, the two brothers sold the family business, Robnorganic Systems, which designs, manufactures and supplies epoxy. resins and polyurethanes for the electronics industry. David became a multimillionaire are a result, so a lengthy spell abroad could be said to have come at just the right the

Diplomatic hitch

manent.

Just when it seemed that the row over Mohammed al-Massaari, the Saudi dissident, was starting to

run out of steam, there are rumbles of discontent in Dominica, the tiny island in the West Indies which was supposed to be al-Massaari's home away from home. Dame Eugenia Charles, the

former prime minister of Dominica

who retired last summer, has raised the question of whether it is worth Dominica falling out with Saudi Arabia over the issue of asylum. She wants to know whether there is some hidden benefit for Dominica and is not too happy with the suggestion by Edison James, her successor, that too much was being made of the matter.

Al-Massaari might not want to go to Dominica anyway, but if Dame Eugenia says no then it is unlikely that Dominica will say yes. Even in retirement the "Iron Lady of the Caribbean" has the final say.

Schadenfreude?

InfoMatin, the spunky but loss-making French tabloid daily. produced its final edition yesterday with a mournful "Au revoir front-page headline addressed to its dearly beloved but insufficiently numerous readers. So was it stuffed with kindly messages from the paper's fans? Not a bit of it. Two of the scant few adverts that graced its pages were from France Télécom on the subject of the success of its Itineris

portable telephone service. The company took the opportunity to thank its 700,000 subscribers (about 10 times the number of daily purchases that InfoMatin mustered) and to welcome those who would join it during 1996.

New York: "The World" publishes a telegram from **Caracas stating that Venezuela** has been formally declared in a state of revolution, and that the Government asks the Legislature to sanction a Decree making secret communications with foreign Governments punishable hy death, as an act of treason. An exception is made in the Decree in favour of American citizens. The telegram adds that England is accused of having instigated the revolution.

Advance Australia! We have not ignored the serious results of the insane policy which led to the banking crisis of 1893 and retarded for years the progress of the Australasian Colonies. Whether owing to good luck or to good management. New South Wales stands now in the forefront of the Australasian Colonies. It suffered less than others from the banking crisis.

Union Pacific reorganization New York: Considerable majorities in First Mortgage Boods of the Union Division Main Line, Kansas Pacific Railway Denver Extension, and of Omaha Bridge Bonds, have been lodged with the Reorganization Committee. The Committee now intend to proceed promptly and energetically with general foreclosures.

and the second second

national standard of offensiveness The Minotaur of Greek mythology. half man, half hull, was impris-oned at the heart of a maze called fer on this. At the same time, the Lahyrinth. Many have interpreted the fable as a metaphor for the uncivilised fantasies and urges buried in the human mind. It is also an apt symbol for the threat of pornography which some govply an electronic montage. ernments feel lurks in the elec-

Cyberporn

tronic paths of the internet. Two weeks ago, a prosecutor in Munich, Germany, told Compu-Serve, a company providing computer users with interpet access, that some information oo the oet violated German laws, particularly those designed to shield children from sexually explicit material. CompuServe promptly blocked access to such information for all users worldwide, as it could not filter data sent to Germany. Result outrage from internet users, who feared that freedom of expression would be pared down to the level of the world's not even know it exists.

most repressive regimes. The internet is not the only arena where some governments fear that technology is moving beyond regulation. Satellite broadcasting, fax machines, even the humble modem have aroused unease or opposition for enabling information to flow across borders. Nor is obscenity the only regulatory question plaguing the Internet: it is uuclear bow national copyright and libel laws apply to its traffic.

But cyberpornography raises over the whole network, consumtricky questions. There is no inter- ers should be allowed to decide.

different cultures are bound to difmuch material on the Net will offend many people. More or less any conceivable fantasy is repre-sented somewhere, particularly as the scenes depicted may never have taken place, hut may be sim-

Solutions are not easy. It may be impossible to regulate material at origin, as a bill before the US Congress wants to do. This also threatens to impose the standards of a single country on all Prohibiting users from securing obscene material, defined on local terms, makes more sense. But determining who bas done so is nearimpossible. As a result, governments may adopt the Bavarian solution of pursuing companies such as CompuServe. However, service providers are not responsible for putting material on the Net or for downloading it; they may

example. But if it is technically

impossible for censorship to be

applied by a government to its

own citizens, the choice is

between regulation of the whole

system at the standards of the

most censorious country and a

free-for-all. Since it would be unde

sirable for restrictive governments

to dictate what can be transmitted

places. --John Sweeney, the new president of the AFL-CIO federation and Yet the Internet should not be bayond regulation. Copyright issues need to be addressed, for

movement to be more militant, and run.

However, before you feel too their office blocks - spare a thought for Sweeney's old union. on strike because the office owners

Human garbage What a time to go on strike. As -

New Yorkers struggled to work yesterday, they faced an additional azard.

Many of the janitors, maintenance workers and cleaners who keep New York's office buildings running have goile on strike. These are the unseen folk who put out the garbage, turn up the heating and, most important of all, clear the sidewalks of snow in front of each building.

The 33,000 strong Local 32B-32J of the Service Employees International Union is one of the

most important in the Big Apple and has some friends in high

America's most powerful union boss, used to run the local New York union and was still drawing a big consulting fee from 208-32J m

1994 994. Sweeney wants the US Labour which suggests that the current struggle in New York could run

sorry for New Yorkers shivering in His old members are only going

are treating them like garbage.

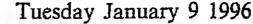
Don't call us So who said the Germans always dn as they are told? Deutsche Telekom, which has justraised the price of phone calls hy.

14

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FINANCIAL TIMES



German metal industry fails to agree on jobs for wage restraint

By Wolfgang Munchau in Neu-isenburg

Employers and unions in Germany's metal industry yester-day failed to agree on a radical proposal to create 330,000 new jobs in the industry in return for wage moderation.

After negotiations beld outside Frankfurt, the two sides disagreed vebemently on how to reform the industry, but scheduted further talks for January 18. At stake is a proposal by Mr Klaus Zwickel, president of the

IG Metall trade union, for an "alliance for jobs", a trade off between wage restraint and new employment. Under his plan, metal industry

employers would create 330,000 jobs between 1996 and 1998, which would include 30,000 for the long-term unemployed. In exchange, IG Metall would agree to a wage increase not greater than the rate of inflation in 1997. There will be no wage agree-ment this year because last year's pay deal runs until the end of 1996.

Employers object to the idea that they have to deliver their part of the bargain first, and also oppose any binding targets for the creation of jobs.

Mr Hans-Joachim Gottschol, president of Gesamtmetall, the metal employers' federation, said after the meeting: "There are significant problems to get the alliance for jobs up and running. But at least we have agreement on the aims."

Gesamtmetall opposes union demands to give a specific commitment for naw jobs in

exchange for wage moderation. Mr Gottschol instead proposed a three-step programme to increase the flexibility of the labour market in the metal industry. His proposal would allow companies to offer lower entry level wages for beginners, allow deals

for lower wages in exchange for job guarantees and provide incentives to cut overtime. But Mr Zwickel said Mr Gottschol's ideas were unacceptable:

"The proposal assumes a different approach from our own. It will leave the status quo intact. It rests on weakening of contracts and political deregulation." Mr Hans Peter Stihl, president

of the German chambers of industry and commerce, and an outspoken critic of Mr Zwickel's proposal, said: "With our wage costs and our social costs we are

the most expensive country in the world. That's why we need moderate wage agreements. The best would be zero-wage deals, as we have done in 1994."

In Bonn, Mr Zwickel's proposal has been received enthusiastically by Chancellor Helmut Kohl, who has pledged to turn the fight against unemployment into his political priority in 1996. Last week, the Federal Labour Office warned that nnemployment might pass 4m this winter, over

10 per cent of the workforce. Mr Edmund Stoiber, prime minister of Bavaria, yesterday became the latest German politician to announce his own action plan against unemployment. In an interview with Focus, the news magazine, Mr Stoiber reaffirmed his support for Mr Zwick-el's "alliance for labour".

THE LEX COLUMN Defence integration

Share whos relative to the S&P Composite

92 63 94

banking sector remains in public anthority hands, if the charitable

foundations are counted as public.

And they should be, given that the

foundations are controlled primarily

by local government nominees. In response to corruption concerns, the

banks now bave separate bolding

structures. But since the boards of the

banks and foundations tend to be

remarkably similar and they offer jobs for life, there is no pressure to mod-ernise risk management systems and

boost profitability. As a result, Italy's

small and medium-sized companies,

currently the engine of economic

growth, are losing out because of lim-ited access to bank finance.

The draft law proposes the sale of

these banks over a three-year period.

The timetable is perbaps a little

aggressive, but urgent change is nec-

essary. These banks are becoming core

shareholders in a number of privatised

companies. If they themselves do not change, they are unlikely to provide much drive for efficiency elsewhere.

The nasty surprise in yesterday's profits warning from Redland was not

that trading conditions in Germany are bad but that they are even worse

than expected. Last September, vol-

ume in the German roof tiles husiness

was expected to decline by 7 or 8 per

cent in 1995. In the event, the fall was

10 per cent. Another 10 per cent drop

The market's reaction was to mark

down not only Redland hut also others

is still expected in 1996.

Redland

95 95

FT-SE Eurotrack 200: 1615.7 (+0.7)

Loral

350

150

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1990 91

ource: FT Edel

The significance of Lockheed Martin's planned \$9.1bn acquisition of Loral's defence electronics interests is twofold. First, the new behemoth it will spawn will be much higger in defence than even its largest US and European rivals. Second and even more important, Lockheed will acquire Loral's "systems integration" skills. As goveruments across the world shift more of the risk of building weapon programmes to the private sector, systems integration expertise is becoming more important. Loral is one of the few companies that excel in this area. Applying Its skills to the merged group's turnover of \$30bn

could create a formidable competitor. The planned acquisition is likely to spur further consolidation in an industry already caught up in a whirl of deal-making. The odds on Boeing's ongoing merger talks with McDonnell Douglas coming to fruition must have risen. Adding Loral's integration skills to Lockheed'a fighter aircraft programmes would threaten Boeing's military aircraft business. Joining forces with McDonnell would help counteract that threat. Moreover, if Lockheed manages to win the approval of the US anti-trust authorities for its deal, the chances of Boeing clearing the regula-

tory hurdles for an acquisition of McDonneli will be fairly good. There may also be copy-cat deals in Europe - such as the mooted tie-up between British Aerospace and Daimler-Benz'a Dasa unit. The need for such consolidation is becoming ever more pressing. If Europe's defence groups do not pool resources, they risk heing squeezed out hy cheap US exports. Unfortunately, political obstacles to such cross-border consolidation remain - with many governments concerned to protect national sovereignty. But pursuing policies likely to debili-tate their industries will hardly do much for national interests.

Italian banks

The Italian government is preparing to launch long-delayed share offerings for Enel and Stet, tha state electricity and telecoms companies. But before indulging in any self-congratulation over its drive for a more dynamic private sector, it should take a look at a draft law currently languishing in the Senate. It addresses the problem of Italy's monolithic banking system, a greater drag on the economy than these utilities.

in the sector with exposure to Ger-The government controls few banks many. This is sensible: history sugdirectly. But some 60 per cent of the gests such downturns are usually

more severe than first predicted. Red land's exposure to Germany's dire housing market makes it particularly vulnerable. But companies with a more commercial slaot, such as RMC, will suffer too, since the weakness of the economy is causing German indus-

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try to rein in spending. The obvious reaction is to switch into building stocks with exposure mainly to the UK, where the economy is growing relatively rapidly. But housebuilders and building materials stocks have enjoyed a good run in recent months, on expectations of an upturn in the housing market. Candi dates for switches, such as Blue Circle and Hepworth, are already trading at a premium, based on estimated 1996 earnings. Investors should wait for firmer evidence of recovery before embarking on another buying spree.

UK property

There are signs of life in the UK commercial property market after two years of unmitigated gloom. Property shares have underperformed the stock market by 26 per cent since 1994, as tenant damand failed to pick up in the wake of the recession. Nonethaless investors have started to focus on the appeal of a sector offering high divi dend yields, potential recovery in response to a strong gilts market, and historical outperformance during Labour governments. They should think again.

Yields on property investment trusts in the US fell last year, despite the substantial fall in Treasury bond yields, showing that It is unwise to rely on property values tracking the gilts market, Rental demand remains subdued, as companies struggle to restrain property and staffing costs in the current low inflation environment. And given the level of over-renting properties where rent is contracted at above market levels - it will be some time before rising rents translate into higher income and dividends. Finally, the argument lhat Labour is good for property looks dated. Property's efficiency as a hedge against inflation has been discredited. Besides, there is no evidence that New Labour will deliver the restrictive planning policies and rising inflation of old. Subdued expectations for UK equities will make it harder for the property sector to underperform. But a bull run looks some way off.

Additional Lex comment on McBride Page 18

Mitterrand **Continued from Page 1**

president's vision of a united Europe would provide Bonn with "a legacy and stimplus", the

German leader said. The Mitterrand-Kohl axis was instrumental in pushing through the 1986 Single Enropean Act and the 1992 Maastricht treaty, paving the way for European

Mr John Major, the British prime minister, expressed bis "great sadness" at the passing of Mr Mitterrand, Baroness Thatcher, former prime minister, said be was a man she "liked well and respected".

Mr Lamberto Dini, Italian prime minister, said be was "very saddened" by Mr Mitterrand's death. Mr Dini is one of several European leaders to incur Mr Chirac's wrath for condemning the latter's decision to end the nuclear test freeze imposed by Mr Mitterrand.

A man of legendary contradic-tions, Mr Mitterrand moved from political right - briefly working for the wartime Vicby regime before joining the Resistance to the left after the war.

An anti-communist, he Threat to Hashimoto PM bid brought communists into gov-erament in 1981, their first taste of nower in postwar Europe, only

UK and Japanese insurers plan Vietnam joint venture Commercial Union and Tokio Marine

By Peter Montagnon, Asia Editor, in London

Commercial Union of the UK and Japan's Tokio Marine and Fire Insurance are to set up the first foreign insurance joint venture in Vietnam following the award of a licence from the finance ministry yesterday.

towards developing the country's financial services industry. It had been keenly awaited since legislation was passed last year to open the sector.

Although Vletnam has been gradually introducing competition to its insurance market, all its current companies are local state-owned entities.

More than a dozen foreign companies have representative offices in Vietnam, and are keen to enter a market which boasts economic growth rates of around 10 per cent. But no foreign company has previously been granted

are first foreign groups to win licence an operating licence. Even the new venture requires a further investment licence before it can open for business, although Com-mercial Union expects this to be

The Vietnamese partner will be Bao Viet, the country's largest insurer, which will hold a 51 per cent stake. The two foreign com-panies will divide the remaining

Capitalised at \$6m, the venture is expected to concentrate on eral industrial and commercial business and focus on the insurance needs of other joint ventures - including many Japa-nese projects - which have tended to place their insurance offshore,

Mr Mike Ridding, Commercial Union's overseas division director, said there were also opportu-

nities in marine cargo and property insurance. The venture would wait before adding retail lines and life insurance, which is currently not available in Vietnam. Initially the new venture might not generate more than around \$10m of premium income

annually, he said, but "long-term Vietnam will be a sizeable insurance market". Insurance in Vietnam remains

an embryonic industry with total premium income of only \$100m equivalent. Yesterday's licence is expected to fuel expectations among other insurance companies waiting to enter the market, but some caulioned that the anthorities wanted to proceed slowly to avoid sudden changes in the industry.

Advertising in Vietnam, Page 12

monetary union.

granted soon. The licence is a further move

49 per cent between them.

parliament.

loan companies, has yet to pass

Mr Ozawa yesterday argued a

to crusb them when he turned France towards market socialism and Europe in 1983.

French Communist party leaders paid Mr Mitterrand tribute, hnt the pro-communist CGT union complained he had "disap-pointed the workers". On the far right, the National Front, which Mr Mitterrand was accused of tacitly encouraging in order to split bis conservative opponents, said his death would permit "the renewal of France".

Once a severe critic of President Charles de Gaulle's Fifth Republic presidency, Mr Mitter-rand slipped effortlessly and enjoyably into its mantle and never reduced its quasi-monarchical powers. His 14 years in power were marked by scandal. Ostensibly nninterested in money, Mr Mttterrand bad friends who were.

Continued from Page unsuccessful attempt in 1992 to block a plan to send troops on

general election could be held United Nations duties. next month and still give time to NFP confidence has increased in recent days, fuelled by calls

for a quick general election by senior executives, newspapers and trade unions.

This would be the third time in the past two years that a Japa-nese government bas switched prime minister without consult ing the electorate. The prospect has aroused public distaste and supported opposition arguments that a new LDP administration, without a general election, would lack a mandate.

Mr Hashimoto has countered It would be unwise to permit a break in power when the budget, which includes the funding for a controversial bailout of bousing

LOW

FT WEATHER GUIDE

push this year's budget through parliament for the start of the fiscal year on April 1. "The current state of the threeparty coalition is a much more serious issue than a possible

political vacuum," Mr Yonezawa added. To make matters worse for Mr Hashimoto, he yesterday ran into difficulties in selecting a finance minister, the most important and difficult job in the next govern ment. His choice for the job, Mr Seiroku Kajiyama, a veteran LDP member, refused the post - normaily highly sought because it is the most powerful government



Hashimoto; numerical support to win a parliamentary vote

unpopular because the incumbent will have to fight a newly aggressive opposition for parliamentary agreement to use more than Y685bn (\$6.7bn) of poblic money to liquidate the bankruot housing loan companies.

LOW

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HIGH

ministry. But the job has becoma

19

X HICH

Cold front _____ Wind speed in KPH

Europe today

The first in a series of frontal systems will bring abundant cloud and outbreaks of rain to Portugal and Spain, France and the Benelux, A mainly southerly air flow will continue to bring milder air into western Europe. Maximum temperatures will range from 8C in the northern Benelux to abova 15C in Spain. In the wake of the first front, the UK will be rather cloudy with rainy periods but some places will have sunny spells. Sunny spells will also occur in central Europe, Eastern Europe will have nited sun. Periods of rain will linger across Hungary and the Balkan states. Poland may have rain mixed with snow. South-eastern Europe will be rather cloudy. Greece will have rain. Most of Russia will be dry with sunny penods.

Five-day forecast

Several frontal systems will cross Europe during the middle of the week. It will be unsettled with cloud and rainy periods in the UK, France, Spain and Portugal. Later in the week, the Benalux will be mainly dry but will stay cloudy. Scandinavia and Italy will furn rainy and windy. Cold air will be pushed back into northern Russia and mild air will persist over western parts of tha continent.

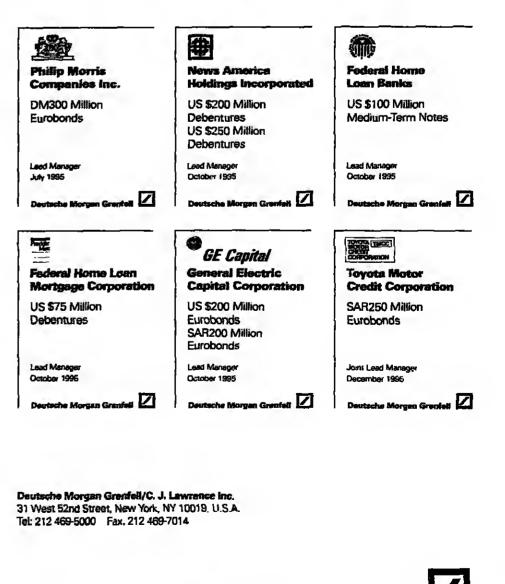
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FINANCIAL TIMES COMPANIES & MARKETS

Accountancy row erupts in Italy over responsibility for spotting hidden losses

Coopers barred from Gemina audit

row with rival accountancy firm Arthur Andersen, which audited the accounts of another Gemina subsidiary, over responsi-Grandi Opere, a subsidiary of RCS Editori

which sells lavish publications. Its

accounts were andited by Arthur Ander-

Consob ruling was an unacceptable "test

case" for a new principle, under which the

main auditor of a group "took on the bur-den of blame for work carried out by oth-

ers" in auditing subsidiaries' accoonts. The firm said it had relied on Arthur

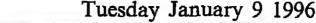
Andersen's audit of the accounts of Libri e

Grandi Opere. "The losses taken into

account by Consob...came from sources which were not under the supervision of

Coopers & Lybrand," it claimed.

Coopers & Lybrand claimed that the



bility for spotting the hidden losses.

three companies.

auditor for its 1995 accounts.

Consob said the ruling followed its

inquiry into Gemina's 1993 accounts, as well as the accounts of Gemina Ratealfac-

tor, a finance subsidiary, and RCS Editori,

the publishing arm, for 1992 and 1993. Coo-

pers & Lybrand acted as auditor for all

Gemina has 45 days to select another

Gemina, which is controlled by Fiat,

Mediobanca and other members of Italy's

business establishment, is expected to announce a loss of L468bn (\$296m) for 1995,

after the L262bn loss the previous year.



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IN BRIEF

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E Europe bourses show strong gains

Bourses in Warsaw, Prague and Budapest set the pace for European exchanges as interest focused on the continent's emerging markets. In Poland, the Wig index defied some expectations of 8 downward correction and instead extended last week's 9.4 per cent advance with a rise of 185.5, or 2.2 per cent, to 8,484.4. The Czech Republic's PX50 index rose 12 to 437.9 for a 2.8 per cent increase. The Bux index in Budapest added 89.39 and closed with a 5.3 per cent rise at 1,779.10. Back Page

UK faces \$22m EC fine over late subsidies



(Maff) faces financial penalties from Brussels amounting to about £14m (\$22m) because of a delay in paying arable farmers their annual subsidy cheques. Sir David Naish (left), president of the National Farmers' Union, said: "Maff's failure to make payments in good time undermines our ability to

compete, particularly when virtually all French producers received their cheques by the middle of October." Page 19

Crown chief to cut costs at CMB

Mr William Avery, chairman of Crown Cork & Seal, the US-based packaging company, said he aimed to reduce substantially the operating costs of Carnaud Metalbox, the French company with which the US group is merging, and acknowledged there were likely to be redundancies. Page 16

Mediobanca sets Ferfin offer price

Mediobanca, the Milan merchant bank, set a price of L1.534 per ordinary share for its obligatory offer for 158m shares in Ferruzzi Finanziaria (Ferfin), the Italian bolding company. Page 16

Cemex concludes \$430m share swap deal Cemex, the Mexican group which is the fourth-largest cement company in the world, announced the successful conclusion of a \$430m share swap programme it hopes will unify its operations in Mexico and consolidate it as a multinational. Page 17

CME and CBoT in talks on merge

Chicago's two big financial futures exchanges - and long-time rivals - are discussing a merger. Talks between the chairmen of the Chicago Board of Trade and the Chicago Mercantile Exchange have been informal, but a report to the CBoT's directors strongly endorsed the merger as a means of cutting costs at both exchanges. Page 17

McBride warning sends shares tumbling McBride, the UK own-label household products group, warned that higher raw materials prices and production problems in the first half of the financial year would "adversely affect" its 1995-96 results. The shares fell 20 per cent in London to

level would mean almost certain By David Blackwell, Raymond defeat The choice was forced on Gran-

Granada, the UK television. catering and leisure company, is expected to raise the value of its bostile bid for Forte, the hotels group, today following a crucial board meeting yesterdsy after-

OTHE FINANCIAL TIMES LIMITED 1996

Consob, Italy'a financial watchdog, has

banned Coopers & Lyhrand from auditing

the accounts of Gemina, the troubled Ital-

ian investment company, for three years. Coopers & Lybrand said it would appeal

against the ruling, which followed the dis-

covery last year of beavy losses at RCS, Gemina's media and publishing subsid-

The accountancy firm will also appeal

against the parallel decision to suspend one of its Italian partners, Mr Renato Bel-

lani, from all audit work for two years. Mr

Bellani is the partner responsible for

Coopers & Lybrand's reaction set off a

suditing Gemina's accounts.

Snoddy and Scheherazade

Daneshkhu in London

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By Andrew Hill in Milan

The board meeting, which lasted several hours, was faced with a decision to increase the hid or walk away from the deal. Leaving the offer st the existing

ada after a bighly effective

defence campaign by Forte. Granada's decision to go ahead is expected by many analysis to be accompanied by a dawn raid on Forte shares. Granada declined to comment but analysts believe the bid

could go as high as 380p a share. Yesterday Forte shares closed at 844p, down 1p. In November, when Granada

shares plus £23.25 cash for every 15 Forte shares, with a fully underwritten cash alternative of 321.67p

Without a significant increase in the bid it has been becoming increasingly likely that Gran-ada's attack would fail.

Meanwhile, Forte solicitors issued a writ against Mr Henry Staunton. Granads's finance director, over an article in The Times newspaper.

The article reported Mr Staunton as saying that Forte's launched the bid, it offered four defence document bad been

"designed to mislead." Granada is understood to have placed the letter in the hands of Granada's

time.

solicitors. Linklaters & Paines, Forte's solicitors, yesterday sent a letter to Mr Staunton accusing him of "a serious sttack upon the integrity and reputation" of the direc-tors. The letter demanded a full retraction and substantial damages, which would be donated to charity.

Granada over the weekend claimed that one of the figures in a report issued last week by

culated.

the Savoy Group.

Eleinwort Benson, the investment bank, was incorrectly cal-Granada believes Forte share-

holders opting for the share bny-back planned if its bid were to fail would retain 79 shares worth 301p, not the 330p assumed by Kleinwort. The lower value reflects the effect of the planned distribution of Forte's shares in However, Kleinwort is stand-

ing by its calculations, which were based on information in the defence document.

offload the risk on to Libri e Grandi Opere. Arthur Andersen, which is also under investigation by Consob, said it was not aware of any such commitment at the The row over responsibility for the losses may only be resolved once Milan magistrates investigate alleged falsifica-

ted within the next three months, although Hutchison Wbampoa. the Hong Kong-based conglomerate which has a 68.5 per cent holding, and British Aerospace with the remainder, have yet to

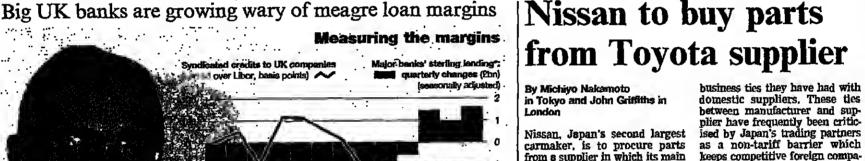
A decision is expected this month. Listings are planned in London and on The Natiooal Association of Securities Dealers Automated Quotation system (Nasdaq) in New York.

Bankers involved in the preparations said yesterday the syndicate, led by the global co-ordinators Dresdner Kleinwort Benson and Goldman Sachs, would be divided into three regional tranches - UK and Europe, North America and the rest of the world,

They said the coveted senior manager roles in the UK/Europe tranche had been swarded to ABN-Amro Hoare Govett and NatWest. Donaldson, Lufkin & Jenrette: Lehman Brothers and Merrill Lynch won similar posi-tions in the US tranche, HSBC and a few other banks with a strong Asian presence had been appointed to the senior roles in the third tranche.

The bankers said there would be a group of banks with junior positions in each tranche. But it had not been decided whether there would be an offering for retail investors in the UK.

Competition among banks to win a place in the syndlcate had been fierce because HTUK is expected to be one of the most attractive offerings in the International equity market this year. Orange success in breaking



England, ICMS database

Eddie George, Governor

that banks may no longer

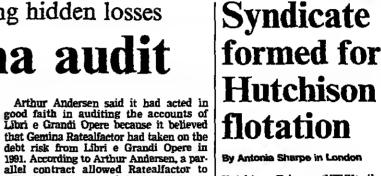
borrowers adequa

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Nissan to buy parts from Toyota supplier

from a supplier in which its main competitor, Toyota, holds a 22 per cent stake. The deal high-lights the gradual loosening of keiretsu - family group - business ties in Japanese industry. Nissan said Aisin Seikl, which

tion of accounts by directors and former directors of Gemina and RCS. Madrid dispute, Page 16 Granada expected to increase bid for Forte decide.



Hutchison Telecom (HTUK), the operator of the UK's Orange mobile phone network, came a step closer to flotation yesterday when it was disclosed that a bank syndicate had been formed

to underwrite a £2bn (\$3.1bn) ini-tial public offering A flotation of HTUK is expec-

148p. Page 18

CMB

Forte

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Companies in this issue 17 Jacobs Engineering Air Jamaica 17 Jefferson Smurfit Akk 17 Lenzing Alcoa 17 Louisiana-Pacific Amotts **BP Oil Africa** Brent International

10 Mediobanca 18 16 MeesPierson 10 Metalloesellschaft 16 10 Mission Energy 18 Canadian Occidental 17 Mitsubishi Electric 17 Cernex Molino 18 16, 15 N.M. Rothschild China & Eastern 16 Coopers & Lybrand NMH 17 18, 10 Courtaulds 15 Nissan Crown Cork & Sea 18 16 Philips Demachy-Worms 18 18 RMC Ellis & Everard 16 Redland 18 Ernst & Young Salomon Brothers 17 Ferlin 17 Serete Group 18 First Hydro 18 Telefónica 17 15 Tolmex 18 Toyota 15 **Fyfles** 18 UCB 18 Geøst 16, 15 Union 16 Germaa 15 Vickers Granada 16 Wal-Mart Hellenic Bottlin 10 16 Walt Dienev Hugo Boss 15 Wibdeco Hutchison Tel 18 Williamson Tea 18 Insolations **Market Statistics**

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Chief price changes yesterday EDANGUEURT (DHD

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v York and Taronto prices at 12:30

hen customers don't want their product, most businesses pull a work then be businesses pull a long face. But even though com-panies are still showing weak demand for loans, UK banks are surprisingly unflustered. In fact, despite recovery in the UK economy, they are cutting back the size of their corporate loan books. Bank lending to UK businesses picked up last year after two years when companies concentrated on paying down bank debts. Nevertheless, growth of sbout 3 per cent in 1995 barely exceeded the inflation rate.

That has helped several of the bigger Britisb banks, notably Barclays and National Westminster, to stick to their resolution not to rush in over their heads in this economic cycle.

The resolution is reinforced by new techniques for measuring more precisely the overall profit-shility of each loan. Risk mea-surement systems, though still imperfect, now allow banks to tie the pricing of a loan to the risk of default in much the same way as actuaries set insurance premiums. And programmes for assess ing how much money a bank makes from its entire relation-ship with each customer mean lending officers can no longer justify loans at unremunerative rates on the grounds that the loan will bring in other business. "There is much more determi-

nation than last time around to select the clients we are supporting at such fine margins. That sort of lending, at margins down in the 20s [basis points sbove Libor] and even below, just cannot earn an scceptable return on shareholder funds," says Mr Tony Hennessey Brown of Nat-West Markets.

No tears need be shed for the corporste borrower. Weak demand has kept competition for good quality credits intense, and foreign banks have proved willing to take up slack left by hig UK banks. Margins on big loan syndications were fine enough last year to raise the evebrows of Mr Eddie George, governor of the Bank of England. The Bank warned:"Banks may no longer be charging borrowers adequately for the risks they are taking." But there is still a line of banks

willing to be paid as little as 15 basis points above London interbank rates and to accept looser

Lenders learn to resist urge to run with the lemmings

conditions in loan covenants. "Bankers still have this lemming-like quality. They are doing medium term lending at incredi-bly fine rates: 15 basis points and throw away the covenants. It smacks of the 80s," warns Mr Malcolm Williamson, chief executive of Standard Chartered.

These very narrow margins clearly apply only to bigger com-panies. The Bank of England warned, however, that there was a risk thet tighter margins on lending to high quality borrowers would drag down margins for the

Weak demand has kept competition for good quality credits intense

less creditworthy. In addition, hanks might be tempted to boost interest income by taking on lower quality loans where margins are higher but still do not reflect additional risk.

Bankers have known for years that they need to earn at least 70 basis points to cover the cost of the capital they are required to commit as a cushion for corporate lending. The capital adequacy rules make no distinction between the capital needed for loans to a blue-chip company and s small business.

But they have argued that it was still worth making loans at very low prices to cement a relationship with a client who might bring in fee-earning husiness such as treasury management or corporats finance. Pay-offs in other husiness areas, however, can be difficult to pin down.

"You start from a position of defence, of having to lend in order to get the opportunity to compete for other busi-

ness," says Mr Hennessey-Brown Bankers are becoming more sophisticated about the way they measure the profitability of their

client relationships. NatWest Markets, for example, conducts a client profitability programme, which it shares with customers, to measure whether the money it makes from crossselling cash management or advi-sory services makes up for low corporate loan margins. Some banks are also taking a

more mathematical approach to the linkage between the risks of making a loan and the price they receive for it, not just for big corporate customers but right down the scale of borrowers.

Barclays is establishing 8 risk tendency measurement to calculate the average probability of default on each loan. That allows the bank to make a pre-emptive provision.

"Clearly we have to cover the average rate of loss in the prices we charge. We can actually measure that rate now, whereas before we were going on intuition," says Mr Alan Brown, head of risk management at Barclays. The average risk for large companies is, in fact, greater than intuition might have suggested,

because even though big compa-nies tend to collapse less frequently, when they do, the loss to their creditors is heavier. If corporate loan demand picks

up strongly, banks may find it difficult to enforce their determination not to lend at unprofitably low rates. Branch managers may

be reluctant to refuse a loan to their biggest local company, even if head office's statisticians argue that it is not worth the risk.

"One of the problems banks have always had is exercising rapid control over the way they function at the branch level in the corporate market," says Mer-rill Lynch's Mr Coleman.

George Graham

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would start shipping brake boost-

ers this spring, This is the first time Nissan will be supplied directly by a parts manufacturer affiliated to its main competitor. However, Nissan, Toyota and another Japanese vehicle producer. Isuzu, agreed in Fehruary to develop jointly and supply each other with casting parts and forging parts for truck engines in Thai-land. That deal is aimed at reduc-ing the costs of such parts for a low volume market.

Japanese carmakers have been pendents to supply components to rival Japanese producers. careful to guard the close keireisu

Nissan said its decision to procure from Aisin was based on quality and price considerations. The structure of the Japanese vehicle makers' manufacturing activities overseas, particularly in Europe, makes similar collaboration on components more problematical. This is for the simple reason that each "transplant" operation is reliant on a network of about 150-200 fully independent suppliers, such as Lucas Industries, Valeo, Bosch and Unipart. However, it is common for inde-

nies from expanding their share of Japanese markets.

The latest deal underlines the

growing pressures Japanese car-

makers face to reduce costs and

raise competitiveness in the

into the UK's mobile phone market has captured the imagination of institutional investors. Last week. Orange, the newest of the UK's four mobile phone operators, surprised its competitors by sttracting 50,000 new digital sub-scribers in December, well ahead

of expectations. HTUK is expected to have a market capitalisation of about £2bn but its owners are unlikely to sell more than 25 per cent of the equity. Analysts will have an opportunity to get more information about the company at a research meeting on January 18.

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INTERNATIONAL COMPANIES AND FINANCE

EUROPEAN NEWS DIGEST Lenzing lowers profits estimate

Lenzing, one of the world's largest producers of viscose fibres, has lowered its estimate of 1995 pre-tax profits. it says they will be about the same as the Scb305.1m (\$30.2m) earned in 1994. In August, Mr Heinrich Stepniczka, chief executive, said

the group would achieve a profit increase in the full year. Lenzing shares dipped Sch6 to Sch860 on the Vienna stock exchange on the announcement, contained in the group's nine-month statement, but recovered to Sch865 at the close. One Vienna analyst said the news was "no great surprise". Lenzing, which is in a prolonged patent struggle with rival Courtaulds of the UK over the production of pulp-based lyocell fibres, said retail sales had slowed in Europe and east Asia in the second half, while US markets were stable. Sales in the first nine months were up 13.2 per cent to Sch6.84bn, although the growth mainly reflected the divestment of the lossmaking Glanzstoff filament subsidiary at the end of June, 1994. Fibre prices were raised in Europe and the US but reduced slightly in Asia.

Lenzing said all plants ran at full capacity in the third quarter, and the lossmaking US unit almost broke even. As a result of sharply reduced losses in the US, group earnings per share for 1995 would be "substantially higher" than in 1994. Lenzing said the rejection by a US court in November of Its patent on part of the production process of lyocell fibres would have no impact on its ahility to produce and market the high-technology fibres worldwide. Ion Rodger, Zurich

Former Coopers partners barred

A bitter dispute in Madrid between international auditing firms Coopers & Lybrand and Ernst & Young took a new twist yesterday when six former Coopers partners who had joined the rival firm were barred by a domestic judge from pursuing their professional activities with Ernst & Young for six months. The order followed a civil action filed by Coopers in Madrid on the grounds of unfair competition. The partners, together with 30 Coopers' staffers who reported to them in the firm's consultancy unit, shocked the auditing industry by joining Ernst & Young in a matter of days late last year.

Judge Miguel Maria Rodríguez San Vicente issued the injunction after Coopers paid a Pta50m (\$413,155) surety to the court to cover possible indemnity for its former partners, wbo will be temporarily prevented from practising with Ernst & Young. In a ruling that could break new ground in Spain, the judge agreed to examine Coopers' plea that partnership agreements bad been breached hy the massive defection to Ernst & Young. Lawyers for the plaintiffs had argued that competition rules had been violated by Ernst & Young's attempt to recruit staff and clients unfairly and that Coopers' business had been damaged as a result.

The dispute is without precedent in the auditing industry. Alleging that the development reflects the "pervading sense that anything goes in Spain" and the cut-throat nature of the competition for the domestic auditing business, senior Coopers[†] executives in Madrid claim the rival firm mounted a "dawn raid" to take over their consultancy unit.

Tom Burns, Madrid

Telefónica chief upbeat

Mr Candido Velazquez, chairman of Telefónica de España, the Spanisb telecoms group, said the parent company's profits were expected to grow by between 16 and 17 per cent, from Pta91.7bn in 1994 in the nine months to September 30, lt posted net profit after minorities of Pta78.1bn, compared with Pta67.8bn a year earlier. Mr Velazquez said the group's mobile telephone business was going well, noting it now had more than 900,000 subscribers. He expected this figure to increase hy AFX News, Madrid 50 per cent in 1996.

Privatisation index launch

Crown chairman warns of job cuts at CMB Mediobanca

By Andrew Jack In Paris

Mr William Avery, chairman of Crown Cork & Seal, the USbased packaging company, yes-terday said be aimed to substantially reduce the operating costs of Carnaud Metalbox, the days marketing his group's offer for CMB. He beads to London today and then oo to French company with which the US group is merging. Edinhurgh. The details of the offer.

Mr Avery said in an interview he would like to see which opened on January 3. come a year after serious nego-tlations got under way to crean initial reduction of 1 per cent a year in the ratio of Carnaud's general costs to ate what will be the world's turnover, and acknowledged largest packaging concern. with estimated turnover for that there were likely to be redundancies. 1995 of more than S10hn. He said it was unlikely the

Investors will have until Febratio could be reduced to 3 per ruary 1 to choose between cent - Crown's level - hut said he would like it to fall from its FFr225 in cash for each of their CMB shares, or to receive 1 0% current 9 per cent to between a Crown shares for each of their

per cent and 5.5 per cent in the own, three-quarters in common next few years. His commeots came as he

stock and the remainder in four-year maturity preferred stock with a dividend of 4.5 per launched a "road show" in Paris yesterday, speaking to cent a year. If everyone took financial institutions and jourthe cash option, the deal would nalists at the start of three cost Crown \$13.6bn. The only sharebolder which

has already stated it will take shares is CGIP, the Freoch bolding company, which will receive three of the 15 board seats, run a new strategy committee and get up to 25 per cent of Crown's equity in exchange for its 32 per cent CMB stake. Mr Avery has said the total board size may yet be expanded, perhaps with an additional European with international experience.

The deal will hring about a number of important changes. including Crown's decision -

partly at the demand of CGIP -to offer a cash dividend for the first time in about 40 years. It is estimated to be \$1 a share for 1996.

Mr Avery said the merger sbould provide savings of at least \$100m a year - \$60m from savings in the purchase of raw materials and the remainder from overhead reductions.

One challenge for the new group will be to cope with its debt - which has risen from \$769m in 1991 to \$2.23bn for the 12 months to last September reflecting the fact that the group grew substantially since 1989 through a series of 19 acquisitions largely funded hy loans.

He said Crown planned to draw in a substantial amount of the \$400m in free cash held France, the US or Africa."

sets price for by CMB to help reduce its deht. partly in an effort to maintain its credit ratings at their cur-'old' Ferfin Some critics have suggested

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shares that Crown may face considerable challenges in aligning a European-centred group with a US one, particularly after the By Andrew Hill in Milan difficulties that arose after the Mediobanca,

merger hetween Carnaud of merchant bank, yesterday set a price of L1.534 per ordinary share for its obligatory offer for 158m sbares in Ferruzzi France and Metalbox of the UK in 1989 However, Mr Avery argued

rent levels.

that Mr Jean-Marie Descarpen-Finanziaria (Ferfin). the Italian bolding company. The bank said the offer would apply only to "old" Fer. tries, the CMB chairman at the time. "tried to make everyone happy" – a strategy which he says is "just not realistic". But fin shares and not to the new he also played down any real sbares issued in the group's L953bn (\$603m) rights issue, cultural problems following the merger. "A can is a can, whether it's made in the UK. which closes later this month.

The Bulgarian plants moved

Mediobanca will have to pay L242bn for the shares, against yesterday's closing price of L1,007, taking its stake in Fer-

fin from just ander 10 per cent to about 15 per cent.

Last night's terse announce-ment by Mediobanca should put an end to weeks of wrangling between the bank and Consob, the financial markets watchdog. Consoh ohliged Mediobanca to launch a public offer for shares in Ferfin after it accumulated a 9.95 per cent stake in the holding company in October.

cent share of the soft drinks Mediohanca appealed market, with Coca-Cola outsellagainst the ruling but Coning Pepsi by more than threesob's decision was upbeld by Yearly per-capita consumptwo courts. Attention has tion of soft drinks In Bulgaria since centred on whether the is now more than 40 litres and offer should apply to all Ferfin shares, or just the shares in Issue before the capital projected to grow by more than 15 per cent annually until the end of the century. HBC bas also diversified increase.

Mediobanca's lawyers were into beer-brewing in Bulgaria concerned that holders of new through a joint venture Ferfin shares might complain with Athenian Breweries. abont discriminatioo if the the Heineken affiliate in hank hid nnly for the old shares.

The old is part of the messy The joint venture, Brewinv-est, paid \$21.7m for an S0 per aftermath to Mediobanca's cent stake in Zagorka, Bulgarattempt tn forge a merger between Gemina, the Investia's largest hrewery, in a sale arranged through the government company controlled hy ment's privatisation prothe bank and its allies, and Ferfin, which owns stakes in Montedison, the industrial gramme. The Greek companies have agreed to invest \$41m in modernising Zagorka and con-tinue making local brands after launching Helneken in gronp, and Fondiaria, the insurer. The merger was shelved after Gemina uncovered unexpectedly beavy losses at its publishing

Mr Komis says: "Beer is a new product for us, but it fits subsidiary. See Lex

Hugo Boss man fashions strategy for expansion

Chairman Peter Littmann says the menswear group is ready to grow

18,3

25.9

33.0

Greek bottler pops into former Soviet Union Hellenic Bottling Company is expanding its empire yet again, writes Kerin Hope

ellenic Bottling Comabroad since its flotation on pany, the Coca-Cola franchise-bolder for Greece and Bulgaria, after scoring a success in the Balkans, has turned to the former Soviet Union in search of furits in 1994 by 30.2 per cent to ther growth. Dr25.9bn (\$109.7m), and sales As Mr Loukas Komis, HBC's

corporate affairs director. points out: "There's some marwater accounting for about 18 gin for expansion in the Greek per cent of turnover. market, but the growth area is

eastern Europe and the ex-Soviet Union." HBC is modernising a bottling plant in Armenia to produce Coca-Cola and has acquired a larger share of its parent group's soft drinks bottling operations in Moldova and parts of Romania and Rus-

The company belongs to the Cypriot-owned Leventis group, a leading independent Coca-Cola bottler, with franchises as

far apart as Nigerla and Ireland. It has an 80 per cent share of the Greek soft drinks market and also produces fruit juices and mineral water.

Athens-hased Leventis, a family-run conglomerate, has proved popular with institutional investors in Greece and

like Bulgaria, so prospects for the Athens stock exchange in expanding deeper into eastern Europe look bright." HBC is the largest foreign investor in Bulgaria, with investments of more than 1991. Its consistent profits growth bas made it one of Greece's blue-chip stocks. HBC increased pre-tax prof-

and a joint venture with rose 20 per cent to Dr140bn, with fruit juice and mineral another Greek company to pro-duce beer. Molino Beverages, also cootrolled by Leventis, has invested \$78m in three new In October last year it Coca-Cola plants on greenfield sites in Romania, where it has a franchise covering 40 per cent of the population, and is Pre-tax putting another \$50m into two profit new plants in southern Russia. Following a restructuring last year, HBC lifted its partici-9.7 12.8

pation from 15 per cent to 30 per cent in Molino, a Luxem-

In Bulgaria, HBC is pursuing the same strategy that hoisted Coca-Cola's share of the Greek cola market from 20 per cent a decade ago to 35 per ceot, the highest in southern Europe. To push PepslCo aslde, HBC invested heavily in distribution. It also acquired seven

regional hottlers around Greece, including former into profit within six months, PepsiCo hottlers on large resort islands such as Corfu Mr Komis says. Last year, profits quadrupled to Lv500m (\$6.9m). HBC claims 3 40 per and Crete.

HBC opted for vertical integration, acquiring subsidiaries to make coolers for soft drinks and plastic bottles. It is investing Dr16bn in a PET bottleproducing joint venture with Greek and Italian partners. Though growth has slowed the Greek soft drinks market is expanding by about 5 per cent a year. But at around 60 litres. per-capita consumption of soft drinks is still below the European yearly average of 75 lit-

Greece lth a population of just under 9m. Bul-garia is a slightly smaller market than Greece. HBC began hy acquiring majority stakes in five cooperative hottling plants around the country and setting up its own distribution network, it has also invested in a \$20m plant to produce Coca-Cola in cans on a greenfield Bulgaria. site outside Sofia, and acquired control of 3P, a plastics manu-

eventually account for some 20

COMPANY PROFILE:

reported consolidated first-half profits up 17.1 per cent to Dr17.1bn, while turnover improved 6 per cent to Dr72.1bn. Mr Vassilis Kletsas of Telesis

HBC results (Dr bn) Sales 48 5 1991 56.8 1992 69.0 120.8 140.0 1993 1994 162.0 995 Projecta Source: company

Securities in Athens says: "HBC has a good track record. It's proved it can produce profits in unstructured markets

\$100m in six soft drinks plants

burg-based holding company, HBC already owns 75 per cent of Clarina, a similar holding company for the Bulgarian operation

N.M. Rothschild, the UK investment bank, and Privatisation International, a specialist magazine, are launching a global index of privatisation shares to enable investors to follow the stock market performance of privatised companies. The vol ume of privatisations reached a record high of \$73.2bn in 1995. Bankers expect equally huoyant volume this year, with offer ings from western and eastern Europe, Latin America and Asia

The index, which will be weighted by market capitalisation and denominated in dollars, will track performance on a monthly basis. It is currently made up of 175 stocks represent ing most of the larger privatisations since 1980, but new shares will be added each mooth as they are listed. The index shows that over the long term, privatisation issues have provided healthy returns for investors. However, over the past two years their performance has been indifferent, which shows why international investors have become wary. They have become most sceptical about the French government's sell-off programme, since most of its most recent privatisation issues have failed to perform. Antonia Sharpe. London

Philips cautious on sales

Mr Jan Timmer, Philips Electronics president, said the group acbieved sales of more than Fl 64bn (\$39.8m) in 1995, compared with F161bn in 1994. He was speaking at a new year meeting of senior management. Sales in 1995 were badly affected by exchange rate movements, continuing pressure on sales prices and weakness in Europe, he added. AFN Neurs, Eindhoven

Metallgesellschaft unit in Asia

Paris Chemetall, a subsidiary of Metallgesellschaft, the German conglomerate, said it had acquired the Asian industrial chemicals business of UK-based Brent International. Financial details were not disclosed. The Singapore-based business, with subsidiaries in Hong Kong and the Pbilippines, would trade under the name Chemetall Asia Pte, Chemetall said. The activities include metal surface treatment and airline servicing, but would be extended and complemented by additional AFX News, Frankfurt business from Chemetall.

r Peter Littmann is a scious buyers and Baldessarini restless man in a for those willing to pay higher V. restless business, As prices for elegant clothes.

chairman of Hugo Boss, the As yet, there are no coocrete German men's fashion comacquisition plans, though any pany, for the past three years, move will be within the fashbe has shifted more production lon sector.

ahroad, divided its range The company's balance sheet hetween three lahels and is strong, says Mr Littmann. moved away from the boxy. We have an equity ratio macho look of the 1980s to [equity as a percentage of total balance sheet] of over 50 per looser, more individual styles. High German costs prompted cent and we can sleep well. the production moves, and this Our profits are strong, so we

has helped profits. In 1994. want to work with this earnings rose 8 per cent to money." Yet he is aware good DM53m (\$36.2m) on turnover huys are hard to come hy. up only 1 per cent to DM857m. Some analysts agree. Mr In the first balf of 1995, they Markus Plümer, consumer ana-

lyst at WestLB Capital Manwere 11 per cent higher at DM29m, with turnover up 6 per agement, supports Boss's cent to DM-119m growth strategy, especially its With the mature domestic rapid expansion in Asia and market providing less scope for increased efforts in the US. But growth. the company bas he is cautious about acquisistepped up its foreign drive. tions. "I don't know who they "The expansioo of Hugo Boss

can buy," he says. He would has to come from abroad," Mr prefer the company to continue growing through its franchised Littmann says. But be is now looking beyond increased sales shops - there are 160 worldwide, with 200 planned by the efforts to possible acquisitions. Mr Littmann, 48, says be end of 1996 - and the develop-

inteods to raise sales to at ment of its hrands. least DM1.6bn by around 2000. Acquisitions will form the As Boss's own experience has shown, acquisitions have third leg of his strategy, next their pitfalls. Mr Littmann to the development of foreign recognises this. "It's a risk, but markets, and the widening of sometimes it's also a risk if you do nothing." Boss ran into difficulties when it bought the company's appeal through its two oew ranges. Alongside its main Boss line, it offers Joseph & Feiss in the US Hugo for young, trend-connearly seven years ago.

The US company has since considered what was right for the German market. When that gooe through a costly restructuring and is in the black. Its worked, we also carried it out facility in Cleveland, Ohio, is abroad," he says. an important part of the "Now, we work out in which

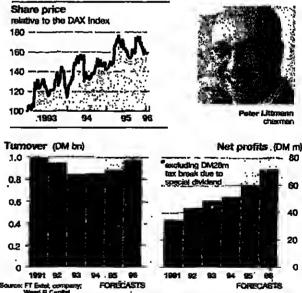
group's production network, countries we want to he sucmaking clothes for Boss in the cessful and what we have to do US and the subsidiary's own to achieve that," Hugo Boss has identified North America, lower-priced lahels. But Hugo Boss, based in the south-east Asia and eastern small town of Metzingen in Europe (it has just opened in south-west Germany, has not Moscow) as the most promising regions, and is pushing hard to huild business there. only had to contend with problems across the Atlantic. In 1989, it was jolted when the Last year, turnover approached DM900m, with Germany founder's grandsons, Uwe and Jochen Holy, unexpectedly accounting for 38 per cent. sold their 63 per cent stake to The new labels will double Levton House of Japan. They their turnover this year to had built up the Boss fashion around DM50m. These should

per cent of sales. The introducthe stock market in 1985. tion of these lines has invigoarzotto, the privaterated the whole Hugo Boss ly-owned Italian texrange, Mr Littmann believes. tile and clothing "We are no longer a producgroup, then bought control of tion-oriented company, Today, Boss in 1991, installing Praguewe are a company with a born Mr Littmann - who fled strong emphasis on creativity and design, marketing and to Germany just before the logistics " Soviets invaded Czechoslovakia in 1968 - as chairman at By shifting more production

name, bringing the company to

the start of 1993. abroad, Boss has improved its The Boss name has long been familiar to fashioncost structure. The cost of producing in eastern Europe with suppliers in Romania, the conscious males. But it was still mainly oriented towards Ukraine, Poland and the Czech the German market until the Republic - is half that in Germany, taking into account arrival of Mr Littmann. previously in the porcelain and carwages and other expenses. But pet industries. "In the past, we German production, currently were a German company that 20 per cent of the total, will be

Hugo Boss



kept to maintain flexibility and give designers a close link to manufacturing. There are no firm plans to manufacture elsewhere, although the Cleveland site could be expanded as Boss develops its US presence. Sales in North America in the first six months of 1995 were 14 per cent up on the year-ago figure in local currency terms, with the strong D-Mark turning this into a 3 per cent fall to DM83m. A year ago, the company

took an unusual step towards raising its US profile: it became a sponsor of New York's Guggenheim art museum. Since most of Boss's sponsorship goes into sports such as golf, tennis and motor racing, the move into arts was surprising. But, then, the Boss customer of the 1990s is no longer a yuppie. Taste and creativity are the watchwords of the 1990s.



KLOOF GOLD MINING VERELLEN (CC) Gómez Palacio, MX COMPANY LIMITED Following the adoption of the necessary Resolution at the Extraordinary General Meeting held on Friday 9 June 1995 - and in accordance with the policy decided by the Board of Directors on Monday 18 September 1995 -(Regumention No. 64/04462/06) sourced in the Republic of South Africa) Cheung Kong notice is hereby given that: Finance The existing shares of the company will be exchanged for new shares in the ratio of 1 new share for 1.000 existing ones. Certificates or subshares can be Cayman Limited COMPANY ANNOUNCEMENT. U.S. \$500,000,000 provided to deal with possible fractions. Shares will be exchanged during the period from Sunday 1 October 1995 up to and including Sanuday 8 June 1996, on the last Friday of any month Guaranteed Step-Up The management of Kloof reports that unlawful industrial action commenced at the Kloof Floating Rate Notes Exceptional, 38.697 m² within this period. due January 2001 Division of the company with the night shift of Thursday, 28 December 1995, and Any outstanding shares which have not been processed by the end of the (416,535 sq. ft.) facility on For the interest period 8th January, 1996 to 9th April, 1996 the Nores will carry an interest rate of 6.20547% per terminated with the night shift of Thursday, 4 January 1996. stipulated period will no longer be entitled to participate in this exchange. All such unexchanged shares will only be entitled to redemption at the book ted period will no longer be entitled to participate in this exchange. 21.86 hectares (54 acres) This action was unlawful in that no dispute had been declared with the company. value of these shares which was de ned on Friday 9 June 1995. Premium complex, perfect proximity Management was surprised by it and unclear as to its motivation as a meeting between Verellen ny nnum, with an interest amoun * Former distillery management and the local branch committee of the National L'mon of Mineworkers Fr. Verelles of U.S. \$79.29 per U.S. \$5,000 E Vereilen Manoging Directo laptable to a variety of uses or industries • Ideally located minutes to the main Managing Director ("NUM") had been held on the afternoon of Thursday, 28 December 1995. Certain issues Denomination Note and U.S. \$1,585.84 per U.S. \$100,000 were subsequently raised by local union representatives. These included perceptions of treeway system to E Paso, Texas Denomination Note, payable industrial relations practices on the mine, retrainations of employment for medical reasons Rail service adjacent to front of cou on 9th April, 1996. St.George • 116.674 m' (10,839 sq. ft.) at modern, and dismissals of certain individuals. Management will pursue the first issue mentioned Lived on the Luxenbourg Stock End timed office space air-conditioned office s • Laboratory space ava Bankers Trust Company, Lander Age at Last with union input. The same applies for the second issue as fat as procedures are concerned, with individual cases being taken up by the NUM, through established statutory A.C N. 055 513 070 procedures. The last mentioned issue is also to be pursued through established statutory BB U.S. \$250,000,000 EUROPEAN COAL procedures on an accelerated basis. AND STEEL BERMUDEZ • BINSWANGER HOD DREE LACIN CHATTE, 54 (0) LEI RECHAY, DALAS TA 7504) (2) 44 6505465 FAX (0) 4653931 BUD. TOMS (EDHNIZZ 730) 70, 70, 70) COMPOSITE-SUITE E CP 24-0000 JUNEZ CHUMAL SUID 25 25 26 FAX 521(6) 79 30 Adard - Orago - Gaver - How Ton * Thirddata - Martin - Arret Dago - Burrah Arres - Sai Pado - MOSA' - 18 An • Skritty - Barret - Martin There - Sainted - Kudal Hours - Springer - Springer - Sharet - Starteg Large - Arret - Arragen - Barret + Francyst - Fran - Mart - Marten - Marten Large - Arragen - Barret + Francyst - Fran - Marten - Marten - Marten Large - Arragen - Barret + Francyst - Fran - Marten - Marten - Marten Large - Arragen - Barret + Francyst - Fran - Marten - Marten Floating Rate Notes due 2000 COMMUNITY All stakeholders have suffered unnecessary losses as a result of this action. For the company Nonce is hereby given that for the Interest Period 8th January, 1996 to FRF 308,009,009 FRN day 202 this includes the loss of revenue estimated at between R20 million and R25 million. Notice is heatly given that the rate of interest for the period from January 80, 1936 to April 50, 1936 has been theyed at 475 per cort. period are FIRF 14-36 per denomination of FIRF 10,000 and FIRF 14-3,81 per denomination of FRF 10000 and are period are FIRF 10,000 and FIRF 10,000 and FIRF 14-3,81 per denomination of FRF 14-3,85 per denomination of FRF 100,000 and are period are first 10,000 and are period are first period are FIRF 14-3,85 per denomination of FRF 10,000 and are period are first 10,000 and are period are first period are first 10,000 and are period are period are first 10,000 and are period are period are first 10,000 and are period are first 10,000 and are period are first 10,000 and are period are period are first 10,000 and are period are period are first 10,000 and are period are first 10,000 and are period are first 10,000 and are period are period are first 10,000 and are period are period are period are first 10,000 and are period are period are first 10,000 and are period are period are first 10,000 and are period are period are period are period are first 10,000 are are period are per 10th April, 1996 the Notes will carry a Rate of Interest of 5.90547% per annum. The Interest Amounts parable will be U.S. \$152.56 per U.S. \$10,000 Note and U.S. \$1,525.58 per U.S. \$100,000 Note. lohannesburg ~7 5 January 1996 The Interest Fayment Date will be 10th April, 1996. A MEMBER OF THE CHESTERTO BINSWANGE GOLD FIELDS GROUP **Bankers** Trust BNP The Parcel Agent BRNP Exception References in Parts [Lassemblenerg] S.A. Company, London Agent Bank





INTERNATIONAL COMPANIES AND FINANCE

Indonesian shoppers prepare to play the credit card

Increasing affluence is encouraging consumers to switch to using plastic, writes Manuela Saragosa

be virtues and vices of credit cards were fea-tured on a Jakarta radio show recently. The programme highlighted the fact that the cards are a new phenomenon for most of Indonesia's 190m people, but that, because of increasing affluence, the credit card industry is on course for

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rapid expansion. There were just 1.1m credit cards outstanding in Indonesia in 1994, of which about half were linked to the Visa network. That compares with Japan, for exampls, where there are more than 110m.

However, Mr Sasongko Sukanto, chairman of Akki, the Credit Card Association of indonesia, estimates the market will grow by about 30 per cent a year over the next few years as average per capita income rises and Indonesians are encouraged to switch to using plastic.

Neverthaless, card issuers have had a bumpy ride over the past few years. Many banks had their fingers burnt when they jumped on to the credit card bandwagon in the late 1980s, largely through lack of expertise.

Competition, however, ls

CME and

CBoT in

talks on

again hotting up, and will be welcomed by Indonesian card users since cash on credit is still very expensive relative to neighbouring markets.

"You have to have an appe-tite for risk in this market," says Mr Edmond Eger, area head for east Asia personal banking at Standard Chartered in Jakarta, which recently launched a credit card to compete with Citibank's dominant position in the market. Industry executives also point to other problems, such as indonesia's undeveloped legal system and the absence of a credit bureau for individuals.

professionals, many of whom still live with their parents. and are members of Indonesia's middle class. Akki's Mr Sasongko notes

sees as a Incrative pool of potential customers.

"This is a cash-based society. The notion of paying on credit is very new," Mr Eger says. A large part of launching a credit card involves educating the public abont how the card should be used. So, not surprisingly, the business of debt collection features prominently in Indonesia.

But such obstacles have not kept credit card issuers away. They have been spurred on by the sight of new luxury shop-ping mails in the country's main cities and the potential for growth. The majority of credit card holders are young

that a large number of Uni-bank'a Mastercard holders, like those who subscribe to Bank Internasional Indoresta's Visa card, have a minimum income of about Rp15m (\$6,500) a year. He adds that Bank Indonesia, the central bank, estimates 9 per cent of the population earns Rp12m a year which he

The majority of card holders live in Jakaria. "These are usu-ally corporate employees, they value their jobs and we real-Cash still king - but more shoppers are using credit cards

ised they are less of a risk in this business," says Mr Kim Kok Hai, a technical adviser at lack of experienced personnel in the credit card husiness. Peopls didn't know the nature Bank Internasional Indonesia. The risks should not be undsrestimated. Most of the of the risks they were entering into," says one executive at an Indonesian bank. local banks' credit card businesses do not publish separate

Banks now work together to profit and loss accounts, but industry executives admit manage that risk and in doing so are forced to break indones many banks which launched ia's banking secrecy laws. card services in the late 1980s Because there is no credit were making losses and have bureau, banks call each other only recently started turning to check an applicant'a credit history. Some banks, such as "The main problem was the Unibank, employ third parties

increases international expo-

Cemex concludes \$430m share swap deal

1

to photograph each applicant's house, check the value of his or her belongings and talk to his or her employers. Mr Sasongko says Akki has approached the central bank

about creating a credit bureau, but the idea has only had a lukewarm reception because of sensitivity surrounding banking secrecy in Indonesia. Tax evasion is common in Indonesia and there are con-

cerns a credit bureau for individuals would prompt a wave

ost banks have in-house debt collec-M in-house debt collec-tors, but many are hiring third parties to do the work. "If you kick some chairs about, of course it helps," says one executive.

The industry's most immediate problem, however, is to establish an institutional framework to cope with the industry's expected rapid growth "With no institutionalised controls there is concern that bad debt may become a more serious problem." says

of capital flight. In any case, "there are probably bigger pri-orities for the central bank to

address", says Mr Roy Tan

Hardy, director of marketing

and sales at American Express

recourse for bad debts ensures

that charges for credit, which

range from 3 per cent to 8.5 per cent a month, are among the

highest in the region. Those

charges will have to come

down "as more people start chasing potential card hold-

ers," says Mr Eger. Last year, US\$1.8bn was paid

by plastic in Indonesia, and

Akki estimates about 0.5 per

cent of that figure was written

off by the industry. Other

industry analysts believe the figure is much higher.

In addition, the lack of legal

in Jakarta.

NEWS DIGEST Alcoa shares slip as results disappoint

17

Aluminum Company of America (Alcoa), the world's largest aluminium producer, reported fourth-quarter earnings of \$150.9m, or 85 cents a share, up from \$67.8m, or 36 cents, in the same 1994 quarter. Cost-cutting and higher aluminium shipments boosted full-year results to the third-best in the group's history. However, Wall Street had expected earnings of \$1.06 per share.

The disappointing results depressed Alcoa's shares \$3% to \$52 a share after the earnings report caused a brief trading halt in the company's stock in New York. For the full year, Alcoa earned \$790.5m, or \$4.43 a share, up from 1884's \$192.9m, or \$1.07. Full-year sales were \$12.5bn, up from \$9.9hn, while fourth-quarter revenues rose to \$3.1bn from \$2.6bn.

The company said results were dented by aluminium prices which were below last year's highs, and by fact thet Alcoa continued to have 450,000 metric tonnes, or 24 per cent, of its smelting capacity idle in 1995. Laurie Morse, Chicago

World chip sales surge 40%

World semiconductor sales surged to \$155bn in 1995, up 40 per cent over the previous year, according to preliminary data released vesterday. According to Dataquest, the US market research firm, strong growth in sales of Dynamic Random Access Memory (D-Ram) chips contributed heavily to record ndustry sales growth. Strong demand from the personal

computer industry is driving the growth, researchers said. Chip manufacturers in the Asia/Pacific region, including South Korea and Taiwan, increased sales by more than 90 per cent to \$13.7bn in 1995. These companies now account for about 12 per cent of world sales, up from 9 per cent in 1994. The US continues to be the world's largest supplier of emiconductor chips, with 1995 sales of \$61.6bn. Japan was close behind with sales of \$61.1bn. intel, the leading microprocessor manufacturer, maintained

its position as the world's largest chip maker for the fourth consecutive year, but stronger growth was seen among D-Ram producers. Samsung of South Korea led large chip makers with 1995 revenue growth of 73 per cent. Only one European company, Philips of the Netherlands, appeared on the top 10 list - in 10th place. The European market grew 45 per cent, breaking the \$30bn mark. Louise Kehoe, San France Louise Kehoe, San Francisco

Mitsubishi Electric bullish

Mitsubishi Electric, one of Japan's leading electricity machinery makers, yesterday attributed an upward revision of its parent earnings forecast for this fiscal year to the yen's fall against the dollar, strong sales of semiconductors and mobile communications equipment, and cost cutting. It earlier raised its outlook for parent current profit - before extraordinary items and tax - for the year to March 31 to Y100bn (\$958m) from its previous prediction of Y82bn, Last year it posted a current profit of Y63.83bn.

The company said the new forecast was based on the ssumption that the dollar would average Y100 in the second half of 1995-96. When Mitsubishi announced its previous earnings forecast, in October, it had expected the dollar to average Y95 in the latter half of this fiscal year. It also lifted its net profit outlook to Y48hn from its previous Y40hn, and its sales forecast to Y2,700bn from Y2,650bn. Reuter, Tokyo

French deal for Jacobs

Jacobs Engineering Group of the US is to purchase 49 per cent of the engineering and construction operations of France's Serete Group. The deal ends an extensive search by Jacobs, one of the largest US engineering and construction contractors, for a way to develop its presence in continental Europe. Terms were not disclosed, but are expected to be announced when the transaction closes next week.

merger By Lauria Morse in Chicago Chicago's two hig financial futures exchanges - and longa multinational. time rivals - are discussing a

merger. Although talks between the chairmen of the Chicago Board of Trade and the Chicago Msrcantile Exchange have so far been informal, a special task force report to the CBoT Board of Arnotts managing director Directors strongly endorsed the merger as a means of cutquits to 'pursue other interests' ting costs at both exchanges. Mr Patrick Arbor, CBoT chairman, said tha futures industry was consolidating, with exchange mergers in progress in London and New York. "This is not the highest

By Bruce Jacques in Sydney Mr Paul Bourke, managing pany's directions". director of Arnotts, the Austrapriority for us, and will be diflian biscult group, resigned

By Daniel Dombey operations - bringing its con-In Mexico City Cemex, the fourth-largest cement company in the world, Cemer

"Ws are trying to establish a single, unified share for all of yesterday announced the sucessful conclusion of a \$430m ahare-swap programme it hopes will unify its operations in Mexico and consolidate it as Cemex's international operations," said Mr Gustavo Caballero, Cemex's chief financial officer.

in small profits.

The company bought 28 per cent of Tolmex, Its largest consolidated subsidiary - which accounts for half of its Mexico countries, the arrangement equity ratio from 51.5 per cent

trol of Tolmes to 99 per cent. sure for shareholders. Tolmex Each Tolmex share will be stock had become undervalued following Cemsx's 1992 expanexchanged for 1.36 shares in sion into Venezusla, in part because of concerns about Tolmex cash flows being used to help other Cemex subsidiaries. Mr Caballero said the share purchase would save about \$30m a year by unifying areas

would give the board "an he had achieved most of his

opportunity to assess the com- aims in five years running the

company.

such as distribution and tax Since Tolmex is a Mexican returns and help the compacompany and Cemex a multinational with operations in 22 ny's efforts to lower its debt to

in September last year to a operations represented only level in the mid-forties by the about 38 per cent of Cemer's end of 1996. total revenues in 1995, and the company expects a similar pro-

However, be said the \$150m Cemex had available for capi-tal expansion in 1996 would be spent mainly in new markets, since a combination of recently installed capacity and eco-nomic slowdowns had left the company's capacity shead of demand in its primary markets of Mexico, Spain, Venezuela and the US.

from Mexican Sales

NMH earnings at A\$133m for year

By Bruce Jacques by the Insurance and Superan-National Mutual Holdings nuation Commission, the

industry regulator. Called the margin on

accounting methods favoured

Cemex would be considering a start-up operation in Colombia this year.

portion this year. However, its international ambitions suffered a setback last month when it gave up an attempt to buy a Colombian producer after that country's government failed to give its approval. Mr Caballero said

ficult to achieve. However, I like the idea personally, and think it is the right thing to do. In the end, this sort of merger will be cost-driven." he said. CME said: "We at the CME are always willing to examine proposals that will cut costs for our members and users of our markets." The revival of merger talks

between the world's two largest derivatives exchanges comes as both are experiencing volume declines, and are facing further contraction if the US budget is balanced and government debt contracts. Both Chicago exchanges derive more than half their volume, and income, from debt fatures and options contracts. Last year, CBoT. volnme dropped about 4 per cent, to 210m contracts, while the CME's turnover declined 10

per cent, to 181m contracts. Mr David Fisher. first vice chairman of the CBoT and head of the task force that made the merger recommendations, acknowledged that past uons, acknowlenged their past sttempts at co-operation between the Chicago exchanges had failed. How-ever, he said hs believed the empronment had changed.

We need to approach this as a merger of equals. Our volume businesa is about the same - that hasn't alwaya been true. We also have a lot of joint members and member firms. On a cost-saving basis, this makes sense."

The CBoT task force determined the merger would save the Chicago fatures industry about \$32.7m a year in operating costs, and increase revenues by \$12.9m. It reported the combined exchanges wnnld hava revennes nf \$336.5m, expenses of about \$223.8m. and pre-tax income of \$112.7m.

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suddenly and with little explable, but that the board was disnation yesterday. The resignation was sales in recent months. announced by Mr Duncan

McDonald, Arnotts chairman, who said Mr Bourka would "pursue other interests". He named Mr Chris Roberts, an Arnotts director and former wine industry executive, as the new managing director.

consumer oriented domestic Mr McDonald said tha growth appointment of Mr Roberts, formerly chief executive of Orlando Wyndham, a leading Australian wine producer, ber, said yesterday he believed

He Indicated that Mr

and successful Asian positioning. Mr Bourke was at the helm during the often acrimoappointed with the company's Mr McDonald said Arnotts. nious takeover of Arnotts in was entering a new era, but 1993 by Campbell Soup, the US food group. would maintain its strategy of

He said these included an

That involved a bid at A\$9.50 strengthening its domestic a share from Campbell com-pared with Arnotts' recent business while expanding into Asia. But he said the company would intensify its focus on quotes around AS9 on Australian stock exchanges. Late last year, Campbell lifted its stake Mr Bourke, who detailed a strong outlook for Arnotts at the annual meeting last Octo share.

(NMH), the Australian insurer, in has reported a net profit of A\$133m (US\$99m) for the year v Bourke's departure was amica- extensive plant reorganisation to December, the group's first result since it agreed to components due to shareholdbecome an offsbool of AXA, the French insurance group.

Mr David Tomlinson, NMH's managing director, said the result was not comparable with the previous year because of the A\$1.1bn deal under which AXA took an initial 40 per cent stake in the group, rising to 51 per cent in September next year.

first to be declared under new

vices format, the method ers and policybolders.

The group declared a profit of A\$415m due to policyholders, offset by a loss of A\$50m attributable to shareholders.

Mr Tomlinson said A\$38m of this loss represented an extraordinary increase in policy liabilities associated with last year'a demntualisation He said the result was the which facilitated the AXA buy-in

Andrew Baxter

New audit chief at Salomon

Salomon Brothers, the US investment bank, said yesterday thet Mr Simon Lorne would become director of internal audit this month. Mr Lorne is general counsel to the Securities and Exchange Commission. Last year, Salomon's parent company reported a loss of \$831m before taxes, nearly half of which was related to a charge due to book-keeping errors dating back to the 1960s. Shortly after those disclosures Salomon named a new controller to oversee the back office. Mr Lorne replaces Mr Kenneth Marshall who became

Salomon's chief administrative officer in November. Lisa Bransten, New York

Sharp turnround lifts Air Jamaica's world-class aspirations

The Caribbean carrier's expansion plans are hampered by differences between regulatory bodies, writes Canute James

first of 12 Airbuses the airline is acquiring in the next 12 months but the aircraft has been grounded for

several weeks. It has been unable to fly the company's routes into the US because the Federal Aviation Administration has roled that the local Civil Avia-tion Department had not met international safety standards.

"The airline Itself has met all safety atandards, including the FAA's," maintains Mr Gordon Stewart, Air Jamaica chairman. "It is not (our) problem, but it is affecting us." In addition, aircraft cannot be flown to the US until the Civil Avia-

tion Department is upgraded by the FAA. "It is costing Air Jamaica US\$100,000 a day," said Mr David

Taylor, president. This has put a damper on a com-pany which, until 13 months ago was a debt-ridden, heavily subsidised state entity. A consortium led by Mr Stewart bought a 70 per cent stake

.

Lose to the entrance to King-ston's airport is an Airbns A-310, freshly painted in Air Jamaica's colourful livery. It is the control to the entrance to King-assumed all the liabilities. The com-pany is now making a profit but has not revealed figures.

The problems between the FAA and the local department will not affect the company's plans for repla-cing its fleet of Airbus A-300s and Boeing 727s by the end of next year. It will take delivery of six of A-310s by March, all leased from Airbus Industrie, the European consortium. The company is buying four A-320s, the first of which will be delivered in September, and the rest by the end of 1996. Two more A-320s will be leased.

"The next logical acquisitions for us will be Airbus A-330s," said Mr Taylor.

Air Jamaica flies between the island and Miami, Fort Lauderdale, New York and Atlanta. It opened a new route to Newark, New Jersey, at the end of last year, leasing a Boeing 727 from a US company because it could not uss any of its new A-310s. By June it hopes to fly non-stop from Jamaica to Los Angeles, San Francisco, Chicago, Toronto.

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Air Jamaica plans to replace its Boeing 727a by the end of the year

London Heathrow and Manchester. "We expect in 1996 to carry 400,000 round in the company's fortunes more passengers than we did this year, said Mr Michael Norton, vice-president for finance. He estimates that the airline flew 1.1m passengers in 1995, compared with 960,000 in 1994.

Such is the extent of the turnthat the new fleet is being acquired from its cash flow, Mr Norton said. All aspects of the operation, such as load factors and yields, are improving. "Six to eight months ago it was difficult to get financiers interested

angared Mr Stewart. "The irony is that Air Jamaica passed the FAA's tests with flying colours in Novemin Air Jamaica, now we cannot keep them away," he said. Much of the change in the company is down to the outspoken Mr Stewart, one of the Caribbean'a lead-its new aircraft on the ground will ing botaliers. He has aggressively pursued efforts to improve the comeat into Air Jamaica's profits, even its image. pany's image. "We had to encourage employees

to improve productivity, and this included some of them accepting

lower wages in some cases," said Mr Taylor said. "Ws also had to become

more aggressive in the market place,

to sell the ides of using the airline to

our two main markets - Jamaicans and tourists visiting Jamaica."

In seeking new markets, Air

Jamaica has taken a controlling

interest in Trans Jamaican Airlines,

a domestic carrier which has been

divested by the government. Air

Jamaica paid about US\$1m for a 55

per cent stake, and will rename the

carrier Air Jamaica Express. Its fleet

will be improved to allow it to fly

regional routes in the northern

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Caribbean.

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s well as the fluctuations A swall as the fourist busi-ness the atrine faces tough competition in the shape of American Airlines on the routes between the US and Jamaica.

Last year Mr Stewart said he was withdrawing an offer to sell the US carrier a stake in Air Jamaica, and remarked: "We do not want any of these people in our board room guiding our policies when we are not too sure what their bigger agenda is." Despite the problems faced by the

airline, and the cost of extending its route network and replacing its fleet, Mr Taylor is confident profitability will not be affected. "We intend to make a world class carrier of this airline," he added. "There is The FAA's ruling on Jamaica's still a lot to do, but we have done Civil Aviation's safety rating has much in just one year."

A State of the second second

ENERGY Notice of Redemption INTERNATIONAL N.V. **LEGAL NOTICES** NOTICE OF A MEETING OF CREDITORS UNDER SECTION 2010 OF CREDITORS UNDER SECTION 2010 OF THE INTHE HIGH COURT OF JUSTICE, COMPANIES COURT NO. 066423 OF 1995 IN THE MATTER OF WWAINE FOLLARD & SONS LBATTED AND IN THE MATTER OF THE INSOLVENCY ACT Notice is hereby given that A Meeting of Codison of the above need Canpary is to be held at the Hendon Hall Hotel, Addie, Lac, Hendon, London NWH 115, on 18th Junary (996 at 2.00pm to counider the Joint Administrator Propagate and the consider analyticity is Constant of the Insolvency Act 1986 and to consider methics is neovement of the above additionants. A proxy Form can be obtained and should be completed and returned to the Joint Administrators, 2 Mountriew Court, 310 Prism Bernet Lare, Whethaw, London NUH of the date of the meeting if any creditor cannot attend the meeting of their olithers advise a function dates and on be contact and the above faithers double meeting of they of January 1996 BARRYO LEWE PCANAT Gujarat Ambuja Cements Limited (Incorporated in the Republic of India with Insteed Indiaty) Registered Office: NOTICE TO THE BONDHOLDERS OF USD 10,000,000,000 EURO MEDIUM TERM NOTE OF SOCIETE GENERALE, SOCIETE GENERALE ACCEPTANCE NV AND SOCIETE GENERALE AUSTRALIA LIMITED Pietermaai 15 Willemstad, Curaçao, Netherlands Antilles U.S.\$300.000,000 U.S. \$80,000,000 S% per cent. Guaranteed Bonds due 2001 (the "Bonds") 3½ per cent. Convertible Bonds due 1999 NOTICE TO SHAREHOLDERS SERIE N°168 SOCIETE GENERALE ACCEPTANCE NV FRF 1,500,000,000 3 MONTH PIBOR RESETTABLE RANGE FLOATING RATE NOTES DUE JANUARY 1938 ISIN CODE : X50055105893 NOTICE TO SHAREHOLDERS Shareholders in Energy International N.V. ("the Fund") are informed that a new Prospectus for the Fund was issued on 2nd January 1996. Copies of the Fund's letter to Shareholders and the new Prospectus are available from the Administrator: Mercury Asset Management Channel Islands Ltd., Forum Honse, Grenville Street, St. Helier, Jersey JE4 6RL, Channel Islands. (Tel: +44 1534 600719, Fax: +44 1534 600687) or from the Fund's Paying Agents. convertible into Global Depositary Receipts (the "Bonds") issued by (see none) / Notice is hereby given that Gupant Anabuja Cements Limited (the "Company") shall redeem all of the Bonds remaining outstanding, at their principal attount together with interest accrued to the date of redempeion, at the capity of 45 days from the date of publication of this notice (excluding the date of publication) being 23rd February, 1996, in exercise of the option available to the Company in accordance with Condition (18) of the Terms and Conditions (the "Conditions") of the aforestid Bonds. The Bonds will be redeemed upon presentation of the Bonds to any of the Agents (as defined in the Conditions). MBL FINANCE (CURAÇAO) N.V. Notice is hereby given to the Noteholders that, pursuant to the Terms and Conditions of the Notes, the rate applicable to the period from October 12th, 1995 to January 12th, 1996 has been fixed at 1,9160142 % PA. Guaranteed on a subordinated basis by THE MITSUBISHI BANK, LIMITED Notice is hereby given pursuant to Conditions 6 and 13 of the Terms and Conditions of the Bonds that the lasser intends to redeem on 21st February, 1996 (the "Redemption Date") all constanding Bonds at The initial conversion price was Ra373.45 per Global Deposinary Receipt. The conversion price as at the date of this notice (as adjusted for the issue of free shares) is Ra365.725. The closing price of the shares as as 3rd january, 1996, being the latent practicable date before the publication of this notice, was Ra282. The aggregate principal amount of the Bonds custanding as at 4th january, 1996, being the latent practicable date before the publication of this notice, was U.S. \$56,495,000. Next payment date : January 12th, 1996 489,65 per denomination of FRF 100 000 4 896,48 per denomination of FRF 1 000 000 Coupon nr:4 per together with secrued interest to the Redemption Date. FRF MBL FINANCE (CURAÇÃO) N.V. The Principal Paying Agent SOCIETE GENERALE BANK & TRUST - LUXENBOURG By: The Mitsubishi Bank, Limited London Branch Paying Agents. Nood on the textury. for the Meeting. Dated this and say of January 1996 BARRY O LEWIS PCA MSPT JOINT ADMINISTRATOR For and on behalf of 9th January, 1996 as Principal Paying Agent By Order of: the Board of Management GUJARAT AMBUJA CEMENTS LIMITED Bankers Trust Company as Agen Curação 9th January 1996 9th January, 1996

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COMPANY NEWS: UK

Placing to raise £9.6m to pay for US and European acquisitions

Ellis & Everard gains 24%

By Peter Pearse

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Ellis & Everard, the chemicals distributor, lifted interim pretax profits by 24 per cent in spite of sharp fluctuations in raw materials prices in the six months to October 31.

The company also announced two acquisitions one in the US for £4.1m (\$6.3m) plus £3.8m of debt and one in Europe for £1.4m. It is placing 4.18m sbares to

raise £9.6m. The sbares closed 12p ahead

at 267p. Pre-tax profits showed a big-

ger-than-expected rise to £13m (210.5m) on sales up 20 per ceot at £292.6m.

Mr Peter Wood, chief executive, said the profits rise was the result of "good logistical and marketing skills" in a period of big price changes. The price of commodity polymers, for example, was £400 a tonne in September 1994. It more than doubled to £900 in May and June, and then returned to £400 by the end of 1995.

Of the increased sales, he

said the biggest factor was

steeper prices, closely followed by new business and higher volumes. Progress was slightly offset by discontinued business and adverse currency movements

Mr Wood said that the acquisition of George Mann extended Ellis's existing US network into the north-east, lifting sales to \$550m (£357m) some 60 per cent of the group total - and making the group the US's fifth largest.

Mann distributes caustic soda, chlorine and bleach. These products account for a third of Ellis's US business. though be said the group was trying to reduce that dependence, adding that Ellis was only taking on two of Mann's four sites for environmental reasons.

Group capital expenditure was £5.5m (£6.5m), though this was partly due to delays in environmental regulatory approvals for a new facll-

sive noo-bulk distributor of surfactants and phosphates in

McBride warning sends

shares tumbling 20%

Benelux countries, Mr Wood



ity. The European purchase is of Peter Wood, chief executive (1), and Jonathan Taylor, chairman Surphos Chemicals, the exclu-

said that both acquisitions The interim dividend is lifted would be earnings enhancing in the second half. 11 per cent to 3p, payable from earnings of 10.4p (8.8p).

Demachy and Union in money market venture

By Philip Gawith

Union, the financial services group, and Demachy-Worms, the French private bank, have launched a portfolio of money market funds to provide international cash management services to smaller companies and investors

The innovative partnership, called the Matrix Fund, will launch an initial six funds each managed domestically denominated in dollars, yen, D-Marks, sterling, Swiss francs and French francs.

The funds are aimed mainly at companies, institutions and professional investors with surplus cash which requires management but who lack their own treasury operations. Management of each fund will be devolved to a local

institution: Union for sterling, Demachy for French francs, **Oppenheim Asset Management** for D-Marks, Pacific Investment Management for dollars, Pictet for Swiss francs and

German housing decline causes

concern at RMC and Redland

RMC

1.000

Yamaichi Asset Management (Europe) for yen.

The partnership structure of Matrix allows institutions with predominantly local operations to expand internationally without having to be owned by a

larger grouping. Mr George Blunden, chlef executive of Union, said Matrix allowed each institution to offer its clients the sorts of cash management skills, across a range of currencies. which it only enjoyed in its own domestic market.

He said the companies had faced the danger of losing cli-ents if they had appeared too local at a time when their clients needs were becoming increasingly international. Matrix also forms part of

Union's efforts to increase the portion of fee-based earnings, while decreasing that derived from trading, where the firm's capital is put at risk.

Matrix has been awarded an AAAf rating by Standard & Poor's.

tainty and recent industrial

Western Mobile, Redland's

aggregates subsidiary in Den-



FINANCIAL TIMES TUESDAY JANUARY 9 1996

McBride's profits warning is a timely reminder of the risks of investing in flota-tions, ahead of this year's McBride Share orice since flotation relative expected increase in new

to the FT-SE-A All-Share Index 110 issues. As Europe's largest producer of own-label detergents. with an annual turn-over of over £400m. McBride is no tiddler. As a manage ment buy-out from British

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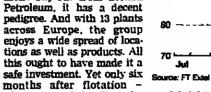
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when some of the City's best and brightest, including issue sponsor SBC Warburg, crawled all over the company - enough has gone wrong to merit a warning. The news was bad enough to cause analysis to downgrade profit estimates by 30 per cent

and to push shares down 20 per cent. in part, the group has simply been unlucky. The summer heat caused one of its new super-detergents to gum up production lines at a large factory. As a result it had to buy in product to keep customers supplied. This cost about fom,

almost 40 per cent of the profits decline now expected. However the nub of McBride's dilemma is an inability to increase prices at a time when raw material costs are falling less swiftly than expected. Given its customer base of European supermarkets, whose ability to squeeze suppliers' margina is legendary, that failure should not have surprised McBride's management. Since most of these problems must have been apparent for several months, the group should have come clean earlier.

DIGEST

Courtaulds makes £15m sale to UCB

Cellophane, the brand of crinkly transparent film that has wrapped chocolates and cigarette packets since the 1930s, has been sold for £15m (\$23m) to UCB, the Belgian chemicals company. Courtaulds, the UK chemicals and fibres company which has owned the company since It was formed in 1935 as British Cellophane, said yesterday "packaging film is not ona of our core businesses".

The disposal is the company's second in a month as Courtaulds sells non-core businesses in an effort to cut debt. Last month, it sold Amtico, its iuxury vinyl flooring unit, to a management buy-out team for £49m cash. The company has incurred heavy costs in restructuring its coatings division and establishing Tencel, its new fibres brand. Net debt rose from £248m at the end of March 1995 to £367m on September 30. Daniel Green

Inspirations lifts holiday blues

Inspirations, the USM-quoted package holiday group, reported a 70 per cent increase in pre-tax profits from £4.5m to £7.66m (\$12m) in the year to September 30. The shares rose 11p to 119p.

Last year was one of the worst for overseas package holiday sales and tour operators Airtours and First Choice recently reported profit falls. Mr James Harris, chairman, said the company had not been immune to market forces "but as tour operating is a smaller percentage of our overall business, we have not seen our expectations diminished, only the true potential of the year uprealised". Inspirations said it had reduced tour operating capacity to protect profitability. Tour operating margins fell 16 per cent in summer 1995. Scheherazade Daneshkhu

By Patrick Harverson McBride, the own-label household products group, warned yesterday that higher raw materials prices and factory tax profits of £32.2m. production problems in the first half of the financial year

would "adversely affect" its 1995-96 results. The profits warning saw shares in the group, which was only floated last July, tumble 37p, or 20 per cent, to 148p, well below their issue price of 188p.

Mr Mike Handley, group managing director, admitted: "It's a disappointment. What we've done is tripped up on the one off production costs ... and the recovery of margins has been slower than expected."

However, he said sales had remained strong in the first half, with group revenues up

14 per cent.

Analysts cut their forecasts for the year to June 30 from about £34m to £24m. Last year, the group made pro forma pre-

McBride explained tbat although prices of its main plastic, cardboard and chemicals raw materials had peaked plied. in the first half, the slowdown

in price increases had arrived later than expected. It had also experienced difficulty passing on the higher costs to customers, especially

in France and Belgium. As a result, margins would be between half and one percentage point lower for the year as a whole. McBride said it suffered from

unforeseen production prohlems at two plants in the first half. The introduction of new laundry powders at its Barrow factory caused interruptions to tion of new line management.

production during the summer and problems were exacerbated by the extremely bot Share prices of Redland and

weather which made the plant man sales.

At the Middleton plant, the introduction of a washing-up liquid product created bottlenecks and delayed the completion of a £12m factory remodelling. McBride said the abnormal

gin and other additional expenses incurred at the two plants would cost the group between £4m and £4.5m. However, Mr Handley said the one-off problems at the two

unproductive for two weeks. The group was also forced to buy in stock from elsewhere to ensure its customers were sup-

production costs, the lost mar-

factories had now been solved, partly following the introduc-

By Andrew Taylor, **Construction Correspondent**

1.150 RMC, two of Britain's biggest building material producers. 1.100 fell sharply yesterday amid rising concern about falling Ger-1.050

The decline was prompted by warning from Redland that pre-tax profits had suffered a small fall last year. The com-pany hlamed a larger than expected decline in German housing activity, as well as poor UK market conditions.

Redland shares, which had rallied since reaching a low for

the year of 326p in September, dipped 7p to 381p, RMC contin-ued its recent slida falling a further 31p to 935p. Concern about the state of the German construction market has heightened since the country's cement industry subsidiary, resulting in £5m of

redundancy costs charged against 1995 operating profits. Share price (pence) The group said that British sales of aggregates and down-stream products had fallen by Sales in France were mod-estly lowar and had been affected by political uncer-

1996 Source: FT Extel

warned in December that sales fell by 8 per cent last year. Redland said German sales of concrete roof tiles were 10 per cent lower. Costs had been cut at Braas, its 51 per cent owned German

7-12 per cent, while hrick sales had fallen by 14 per cent. Con-crete roof tile sales were 4 per cent lower. British and German prices had remained generally firm.

action.

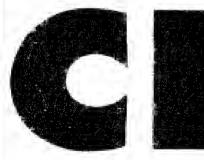
turnover of \$4.6m.

950 900

ver, Colorado, has paid \$11m (£7.1m) to buy Colony Materials the largest aggregates pro-ducer in Santa Fe, New Mexico, selling about 300,000 tonnes of sand and gravel and 80,000 cubic yards of concrete, a year. Colony has annual

DEM 600,000,000





UNCONDITIONALLY GUARANTEED BY THEREPUBLIC OF FRANCE

The proceeds will be used for government related export financing activities

Coupon 5.125% **Maturing on** 27th December, 2000

BFCE Banque Française du Commerce Extérieur

First Hydro raises £400m in bond issue

By Conner Middelmann

First Hydro, the former pump storage business of the National Grid which was acquired in December by Mis-sion Energy, the US utility, has issued £400m (\$616m) of 25-year sterling bonds. According to lead manager BZW, it is the first bond issue in the long sterling market to directly fund an acquisition on a non-recourse basis to tha new owner. This means that Mission Energy does not guarantee the bonds, which are secured only by the two power stations First Hydro owns and their revenues. "The deal represents a grow-

The proceeds of Friday'a issne will replace £400m of bank debt put in place at the time of acquisition. Although acquisition financing is more usually obtained in the bank loan market, the capital market represents a new and growing area for this sort of financ-

First Hydro, which does not have a credit rating, is paying a 9 per cent couport on its bonds, which, at the issue price, represants a yield pick-up over UK government bonds of 115 basis points.

ing trend in the international capital markets to fund power

assets on a stand-alone basis",

a BZW official manager said.

Lower prices hit Williamson Tea

Lower sale prices and adverse currency movements left Williamson Tea Holdings with lower pre-tax profits of £3.16m for the six months to September 30, against £5.27m. The figures excluded the two Tanzanian offshoots sold in the period. A reduction in the India crop, a result of dry conditions in Assam, was offset by an increase in Kenya.

China & Eastern suspended

Shares of China & Eastern Investment Company were suspended yesterday at the company's request on both the London and Hong Kong stock markets, following passage of a motion to wind up the company at an extraordinary meeting on January 5. The company intends to cancel the listings on January 12.

Fyffes plans merger of some interests after purchase of Geest banana side

By John Murray Brown in Dublin

Fyffes, the Dublin-based fruit and vegetable distributor, yesterday indicated how it would restructure the former Geest banana business, which it is buying jointly for £147.5m (\$227m). Fyffes' shareholders yesterday backed the acquisition, made jointly with the

Windward Islands Banana Development

and Exporting Company (Wibdeco).

Fyffes and Wibdeco are each paying 220m, with the balance made up of bank

dabt. Mr Neil McCann, chairman of Fyffes, said the integration would be "a tough job. This company has got plenty of problems and if it didn't have plenty of problems it wouldn't have come up for sale." He said the former Geest operations

would ha run at "arms length" from

Fyffes, but there would be opportunities

for merging the shipping interests and for co-operation in areas such as sourcing and packaging.

The acquired assets included a UK and European banana business handling almost 20m boxes a year, a shipping operation and a 9,400 acre banana plantation in Costa Rica. Fyffes was expected to look for a buyer for Geest's Costa Rican plantation, which analysts said suffered from high production costs.

RESULTS

	Terner	ner (200)		ine-fax fill (film)	8	PS (p)	Current payment (p)	Date of payment	Dividencia - Comspanding dividend	Total for your	Total task year
Barr (A6) Yr to Oct 28	101.2	(88.)	4.58	(6.65)	15.31	(23.76+)	6.2	Arx 9	5.8	8.2	7.8
Calluna §	1.11	(0.409)	1.58	(1.05L)	29	(2.6L)	-				-
Ellis & Everard	292.6	(242.9)	13	(10.5)	10.4	(8.8)	3	-	27		8.4
Inspirations § Yr to Sept 30 ♦	355.2	(210)	7.66	(4.5)	18.361	(20.81)	2.8	Mar 1	2.24	3.5	2.8
Treatt	28.8	(18.7)	3.54	(2.02)	23.55	(14.12)	3.6	Apr 12	3.4	5.5	4.6
Williamson Tea	14.9	(22.5)	3.16	(5.27)	61.01	(104.66)	10	Mar 1	10		25
Earnings shown basic. Dividencis shown net.	Registers	in brackets	are for	corresponding	period,	After exce	tional charge.	* Restated.	SUSM stock.	*Comparative	s pro for

ADJUSTMENT TO SUBSCRIPTION PRICE :Hansol

HANSOL PAPER CO., LTD U.S.\$37,500,000 Floating Rate Notes due 199 to advertise for Non-writing Shares of the Hons

We, Hansol Paper Co., Ltd., Secul, Korea (the "Company") are hereby pleased to notify the holders of the Company's Warrants that he Company made an adjustment to the Subscription price of Hansal Paper's Warrants issued on 26th May 1994 from KRW33.518 to KRW32.134 according to Clause 3 of the Instrument to be dated 26th May 1994.

January 9, 1996 Tr. Citibank, N.A. Jessuer Services), Agent Bank CITIBANK

Notice is hereby given to the Bondholders that, pursuant to the Terms and Conditions of the Bonds, Condition 4. "Redemption and Purchase" (C) "Redemption Amount", "M4" (term of the formula for calculation of the Redemption Amount payable per bond on February 4, 2000 and of the Early Redemption Amount, as the case may be) is equal to 0.0078 in accordance with the following formula : M4 = CAC 4 - CAC 3 CAC 3 provided that in no event shall M4 be less than zero nor greater than 0.35. where "CAC 3" = 1,884.94 and "CAC 4" on January 2, 1996 = 1,899.58 THE PRINCIPAL PAYING AGENT SOCIETE GENERALE BANK & TRUST LUXEMBOURG

CREDIT LOCAL DE FRANCE FRF 550,000,000 CAC 40 INDEX-LINICED ZERO COUPON BONDS DUE 2000 ISIN CODE : XS0035766988

COMMODITIES AND AGRICULTURE

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UK faces £14m fine over late farm cheques |Labrador nickel find may

By Alison Maitland

The UK agriculture ministry faces financial penalties from Brussels amounting to about £14m because of a delay in paying arable farmers their annual subsidy cheques.

The ministry said yesterday it was also considering paying compensation to farmers who did not receive their cheques by the end-of-year deadline because of computer problems. Farmers' leaders bava demanded interest on the late cheques, which are affecting

nearly 8,000 of 46,000 arable farmers claiming aid in England. The payments are dne between mid-October and the end of December, but problems with new computer software at the ministry's regional offices meant 17 per cent of cheques had still not been sent out by last year's end-December deadline. In 1994, most had been sent hy mid-November. Financial penalties the gov-ernment must pay to the Euro-

pean Commission amount to 10 per cent of the value of cheques sent this month, rising

to 25 per cent in February. The ministry expects payments to total £1.1bn, of which £190m could still be awaiting disbursement. The first 4 per cent of

on the late cheques. "Maff's delayed payments is exempt failure to make payments in from penalty, leaving 13 per good time undermines our abilcent subject to the Brussels ity to compete, particularly fines. The ministry could thus face a bill of about £14m if all when virtually all French pro-ducers received their cheques payments were made this by the middle of October," he month, and more if some farmers had to wait until February. Officials expect all but the most complicated claims to have been dealt with by the

said. Union members have reported that their cash flow and decisions on crop sales have been disrupted. The Tenant Farmers' Associ-

end of this month.

ation, which represents over Sir David Naish, president of 8,000 producers, said some of its members were paying bank the National Farmers' Union, has called on farm minister Mr interest on cash they had to Douglas Hogg to pay interest horrow to pay their tax bills or rent falling due at the end of

December. Mr John Rennie, directorgeneral, said the ministry should pay farmers 7-8 per ceot of the value of their late cheques in compensation.

The ministry said vesterday: "Past practice suggests that we shouldn't pay, but we're considering the matter and will respond as soon as possible".

By Bernard Simon In Toronto

The company now estimates

conditional on construction of a smelter in the province. Diamond Fields released new

geological data that reinforced indications of another large Diamond Fields share price deposit in an area known as climbed by 50 cents th CS27. SS in early trading on the Torooto the Eastern Deeps, about 1km stock exchange vesterday. Inco, the western world's higeast of the original Ovoid dis-covery. According to the company, recent drilling suggests

that the Eastern Deeps "is one of the most important orebodies discovered in Canadian historv".

partners. Soveral international that reserves at Voisey's Bay mining groups have expressed total about 100m tonnes, up an interest in acquiriog ao from 30m tonnes as recently as interest in Voisey's Bay, which mid 1995. A feasibility study, is expected to be one of the oow under way, may consider world's lowest cost nickel proraising nickel output "well in ducers. excess" of the current plan of Optimism about the potential of Eastern Deeps was 133m lb a year, which equals 6

heightened by a drillbole. to 7 per cent of 1996 world koown as number 214. that nickel supplies Mr Ray Goldie, analyst at encountered a densely mineral-Richardson Greenshields in ised area with a thickness of 54.2 metres. However, the Torooto, said that the project was "living up to expectagrade has yet to be determined. Diamond Fields said that nons". But he added that further details on grades and costs were needed from the Eastern Deeps appeared to contain reserves of at least 50m Eastern Deeps and a third tonnes. The deposit begins at a area, known as the Western Extension, to evaluate the full depth of 630 metres, which would require an underground significance of the deposit. mine.

The main Ovoid deposit is close in the surface.

30 per cent stake in the Vois-

ey's Bay deposit last year. Mr

Carson said that talks were

"no-going" with other potential

However. Mr Carson said that mining costs in the Eastern Deeps were also expected

gest nickel producer, hought a to be relatively low.

US blizzards push up oil prices

rises that result from cold

Blizzards in the eastern US caused oil prices to rise sharply yesterday, with many traders speculating that a prolonged period of had weather could underpin short-term prices.

In late London trading the price of the benchmark Brent under-dosing," he says. "The farmers do not use the proper Blend price for February delivery rose to \$19.23 a barrel, up dose. There is a prohlem of bad 18 cents from Friday's close and just under the 1995 and spray machinery; our spray machinery does not give good 1994 highs of \$19.38 and \$19.41 droplet size, the pressure of the machine is not perfect and respectively.

the spray is not perfect". Despite the risks of growing cotton, there are few signs that farmers are about to change over to any other crop. As Mr Ahmed explains: "The farmer doesn't have a choice. He goes for cotton because if it flourthe cold weather continues." ishes, it gives large profits".

held by US refiners. Many have introduced "just-in-time" stock management systems over the past year as part of cosl-reduction programmes.

 The International Eoergy Agency says structural changes to the economies of six hig Middle Eastern oil producers should enable them to finance a "considerable expansion of their oil and gas production capacity" io coming

The Parls-hased agency which monitors world energy developments for the western industrialised countries, says the structural changes taking place should also lead to greater foreign investment in the economies of Iran, Iraq, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates, which together account for 42 per cent of the world's trade in oil.

COMMODITIES PRICES JOTTER PAD Precious Metals continued.... GRAINS AND OIL SEEDS MEAT AND LIVESTOCK BASE METALS SOFTS A GOLD COMEX (100 Troy az; S/broy az) E LIVE CATTLE CME (40,000bs; cents/lbs) WHEAT LCE & per tormel E COCOA LCE (Chonne) LONDON METAL EXCHANGE Day's change High Low Vol Sett Day's prior change High Low Vol Sell. Day's Price change High Low Sett Day's Gpen price change High tear Vol Int Yot jut (Prices from Amalgemeted Metal Tracing) Dist. ALUMINIUM, 99.7 PURITY (\$ per tonne) price 65,275 -4.150 66.750 68.125 5,402 - 35 15

Pakistan picks bumper cotton crop

Growers are enjoying a respite from recent severe pest attacks, writes Farhan Bokhari

recent prosperity Are evident near Multan, tha city with a reputation of being Pakistan's cotton capi-

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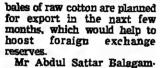
At nearby villages, as farm-ers fill their trollies with raw cotton, to be towed hehind tractors to the local cotton market, only one thought is on their minds. At a time when Pakistan is expecting a bumper cotton harvest of up to 10m bales, 28 per cent higher than last year's, many growers are anxious to sell their crop before prices hit a rock bottom. But even at lower prices, the cotton growers hope to make a profit and turn around losses accumulated from three consecutive years in which they suffered crop damages caused by pest attacks. The cotton news from Mul-

tan has been a source of strength for the government in Islamahad, which is under pressure to turn around recent falls in foreign exchange reserves and other troubling economic indicators, such as rising inflation and a widening trade deficit.

A good cotton crop could bring welcome relief. Almost 60 per cent of Pakistan's export income has usually come from cotton products. Moreover, there have also heen reports that up to 2m

the world in recent seasons, a high profile is being been given to biotechnology at a US conference this week. Speakers at the five-day Beltwide Cotton Conference, which began yesterday, include ento-mologists and an executive with the Monsanto chemical group, whose Bollgard gene, which

Following pest damage to cotton crops around



wala, Chairman of Karachi Cotton Association, the main of cotton exporters' organisation says; "With good cotton, the economic prospects will improve because the 2m bales that we export could get us between US\$600m and \$700m in foreign exchange".

the improved crop performance. : "The area where pest tolerant crop varieties have been planted bas increased while varieties most susceptible to pest attacks have been eliminated, and some banned," says Mr Zahoor Ahmed, director of Pakistan's largest cotton research institute, at Multan, which has taken the lead in developing and introducing newer varieties where crops are susceptible to pest attacks.

damage, helped to minimise the risk of a large scale pest attack. B ack in the fields, many farmers are excited. Mr Shehzad Sohna at Dhera Badus village says; "Our prof-There are many reasons for its this year hava been larger than last year. We now want to

plant more cotton for next year. Cotton has been good to us and we have made up for some of our past losses too". Mr Sohna's enthusiasm is shared by hundreds of other farmers who bave suffered from previous crop damage. Still, many critics are con-cerned about a poor adminis-

trative system for the delivery of agricultural inputs such as fertilisers and pesticides, which would make it difficult The government also says. that the larger crop has to protect the crop in the

protects cotton plants from insects, will be available to farmers this year. "[Biotechnology] will take something close to centre stage this year." Mr O.A. Cleveland of Mississippi State

University, told the Reuters news agency. Also on the programme are production and price projections and ontlook reports from the private sector and government agencies.

resulted from increase of to 14 future, should there be a fresh per cent in the area under cotpest attack. One leading farm ton cultivation this season. owner in Multan says: "The Some experts add that scant rainfall in September, the windfall has come because god has been kind to us. oot because we've been kind to month when insects could hreed prior to causing crop ourselves in improving our

agricultural systems". Last year's pest attack was followed by reports of widespread adulteration of pesticides, which meant that farmers who sprayed their fields still found that their crops came under attack. That experience was followed hy the announcement of tough new laws, under which, those convicted of adulteration could be sentenced to np to seven years in jail and fined Rs500,000

(\$14,600). However, in the absence of any significant arrests since then, its not clear if the new laws have adequate teeth. Many analysts say that the government needs to demonstrate that it would arrest and prosecute offenders, even though the system of law enforcement in Pakistan has a

reputation of being corrupt. Mr Ahmed is convinced that "if one or two people are imprisoned, the adulteration will disappear from this coun-Other concerns relate to the rising costs of agricultural pro-duction, mainly resulting from

increased prices of chemical fertilisers and diesel. Some experts say that the recent devaluation of the Pakistani Rupee is going to hit cotton growers when next season's By Robert Corzine crop is sown in the summer and that farmers will find fertilisers, diesel and equipment

snaps or oue-off disruptions tend to be temporary. Some still more expensive by then. Mr Ahmed also points to the said that world oil markets were likely to remain in fundaproblems caused by poor management of spraying equipment by farmers as a major hindrance to improved perfor-mance. "There is a problem of

sometimes even the timing of Many traders thought the price rise was likely to prove temporary, bowever. "Its a blip," said Mr Peter Gignoux, head of the energy desk at the London office of US brokers Smith Barney. "But it could last throughout the winter if Analysts noted that oil price

mental over-supply in coming months because of excess production hy members of the Organisation of Petroleum Exporting Countries and a continuing rise in nou-Opec output, especially from the North

spite of strong appeals for greater production discipline made at Opec's meeting last November Much of the recent volatility

buted to a rundown in stocks

years. above the group's agreed pro-duction ceiling. That was in in oil prices has been attri-

Petroleum Argus, an indus-try newsletter, yesterday reported that Opec output in December was more than 25.5m harrels a day, 1m h/d



be even bigger than thought

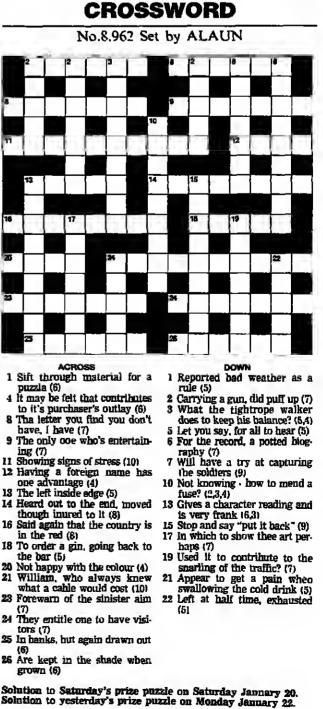
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Confidence is growing that the vast Voisey's Bay nickel, copper and cohalt discovery in

eastern Labrador is even big-ger than previously indicated. However, plans to hring a mine into production by mid-1998 appear to be slipping, and the start-up is more likely to be in 1999 or 2000.

Mr Cliff Carson, president of Diamond Fields Resources. which controls the deposit, said yesterday that the current target was "a very aggressive time-frame" that had "a good chance of not being met". The Newfoundland and Labrador covernment has said that approval for the mine will be

	Close Previous High/low AM Official Kerb close	1628.5-4.5 16 1628.5-9.5 16 1630 165 1629-30 16 1029-30 16	338-40 643-4 55/1620 636-0 622-3	Jun 3504 - 507/3 507/4 10 80.167 Apr 398.5 - 399.0 399.0 4.441 20.477 Jun 400.5 - 409.0 399.0 4.441 20.4778 Jung 400.5 - 409.0 399.0 4.441 20.4778 Jung 402.4 - 403.5 404.5 17 4.491 Oct 404.3 - 403.5 402.4 3.986 7.4091 Oct 404.3 - 403.5 402.4 14 3.986 7.4091 Oct 404.3 - 403.5 402.4 143.196 7.4091 7.991 7	Umr 121.33 -1.16 122.00 121.32 05 2.60 Umr 123.40 -1.20 124.00 123.25 205 2.61 Umr 125.40 -1.20 126.00 123.25 224 3.406 Jail 127.50 -1.25 126.00 127.75 20 119 Ship 113.40 -1.10 - - 90 Nov 115.00 -1.25 115.75 115.00 49 983 Tatal 	Mary 515 -5 621 814 1,06 51,527 Jul 505 -4 940 935 141 7,994 Sap 952 -5 966 951 239 28,737 Des 970 -4 976 968 355 8,111 New 968 -4 996 930 533 20,944 Total 4,461 124,712	Apr SEL75 -0.025 85.900 65.550 2.346 17.351 Jan 82.950 -0.075 63.075 62.775 1.584 10,818 Arag 51.975 +0.125 52.025 51.770 740 4.707 Det 52.900 +0.150 52.850 52.550 393 3.989 Date 53.175 +0.025 63.200 83.000 107 2.489 Tutal 10.576 79,326	
	Open InL Total daily turnover <u>ALSMENTUM ALL</u> Close Previous High/kow AM Official Korb closa	1420-30 14 1435-40 14 147 1421-25 14	460-65 470-75 70/1450 1480-5	PLATINUM NYMEX (50 Troy oz.; \$/roy oz.) Jan 418.2 - 420.0 413.0 U87 \$1 Apr 422.2 - 421.0 420.0 3,944 19,466 Jan 423.5 419.0 22 2,400 0 2,400 Oct 425.6 - 424.5 424.5 36 1,374 Jan 427.2 - - 406.0 5 54 Tobal 427.2 - - 406.0 5 54 Tobal 427.2 - - 406.0 5 54 Tobal 42.74 360.0 5 54 1,375 341 B PALLADIUM NYMEX (100 Troy oz.; \$/roy oz.) 19.745 341 341.745 341	WHEAT CET (5.000bu min; cents/60b bushei) Him 483.50 -10.00 460.00 433.00 18,482 52,075 Him 460.00 -10.00 460.00 433.00 18,482 52,075 Him 460.00 -10.00 460.50 458.50 1,683 9,821 Jmi 467.50 -10.26 450.00 427.00 4256 31,135 Smp 430.00 -9.25 434.00 421.50 472 5.568 Dec 478.50 -8.50 445.00 438.00 871 2.766 Jmi 383.00 -3.00 386.00 381.00 8 107 Tabiai 27.767.100,555 1568 157 157	Image: CoccoA CSCE (10 bonnes; Shonnes) Mar 1262 - 1275 1255 15 37,420 Mary 1205 - 1296 1280 128 127 1265 15 37,420 Mary 1205 - 1296 1280 128 128 128 128 15 37,420 Sap 1308 - 1317 1305 975 8,501 36 3501 5,501 36 36 3500 36 3500 36 3500 36 3502 196 9,530 36 37,22 196 9,530 36 5,732 37,420 36 5,732 37,420 36,473 <t< td=""><td>LIVE HOGS CME (40,000bs; canta/tbs) Fab 45,775 -0.150 48,025 45,650 3,824 11,426 Apr 45,225 +0.150 48,025 45,850 2,037 7,827 Jan 51,750 +0.200 51,975 51,550 1,346 6,101 Jat 51,675 +0.200 51,775 51,550 1,346 6,101 Jat 51,675 +0.200 51,775 51,550 1,346 6,101 Jat 51,675 +0.200 51,775 50,450 80,502 2,852 Aug 50,450 +0.075 50,650 50,250 2,86 2,735 Dc1 46,350 -0.025 46,500 46,200 7,4 1,275 Total 6,107 22,904 4,107 2,215</td><td></td></t<>	LIVE HOGS CME (40,000bs; canta/tbs) Fab 45,775 -0.150 48,025 45,650 3,824 11,426 Apr 45,225 +0.150 48,025 45,850 2,037 7,827 Jan 51,750 +0.200 51,975 51,550 1,346 6,101 Jat 51,675 +0.200 51,775 51,550 1,346 6,101 Jat 51,675 +0.200 51,775 51,550 1,346 6,101 Jat 51,675 +0.200 51,775 50,450 80,502 2,852 Aug 50,450 +0.075 50,650 50,250 2,86 2,735 Dc1 46,350 -0.025 46,500 46,200 7,4 1,275 Total 6,107 22,904 4,107 2,215	
	Open mil. Total daily turnover LEAD (S per tonne Clase Provious High/low AM Official	5,236 1,920 685-6 6 690-2 68 695/694 68	687-8 64.5-5. 67/685	New 134.45 - 134.80 133.50 415 5.540 Jast 135.95 - 136.35 136.25 246 818 Dec 138.45 - - - 3 Total 415 5.000 Troy co:; Cents/troy co:) 3 Jast 530.5 - - 30 58	III MAIZE C81' (5,000 bu mir; canta/560 bushe) Itim 360.50 -6.00 364.50 360.00 41,963 277,878 Itim 362.50 -5.50 367.50 363.75 12,956 80.13 Itim 362.25 -5.50 367.50 363.75 12,956 80.13 Itim 352.25 -5.52 365.25 302.00 11.501 78,959 Sep 311.00 -4.50 314.25 320.30 2.803 18,036 Dam 251.50 -2.52 320.25 358.86 43.141	B COCOA (tCCC) (SDPf's/torme) Jan 5 Price Jan 5 Price Oafy 918.41 903.22 9 B COFFEE LCE (S/Lorme) 340 Jan 1855 -30 COFFEE LCE (S/Lorme) 162	PORK BELLIES CME (40,000/bs; centa/bs) Fab 55,025 +0.425 55,350 54,850 1,336 4,300 Mar 55,275 +0.425 55,650 55,150 297 1,050 May 55,150 +0.425 55,550 55,000 145 767 Jad 57,350 +0.500 55,000 75 583 Aug 55,050 +0.500 55,050 55,050 146 16 Tetal 1,050 8,000 55,050 55,050 56,050 56,050 55,050 146 16	
	Kerb close Open int. Total daily turnover MCKCKEL (\$ per ton Close Providua High/Now	32,606 8,515 7670-80 7715-25 782 792	586-7	Mar 555.0 - 558.0 551.5 39.099 33.386 May 558.3 - 568.3 548.5 1.633 10.978 Jul 564.4 - 570.0 560.0 226 7.382 Sep 560.9 - 574.0 566.0 70 8,840 Dec 575.4 - 583.0 570.0 303 5,436 Tobal 12,189 93,840	Image 299,00 -4.25 301,75 299,00 63 2,305 Total BARLEY LCE (2 per tonne) 36,573 510,828 36,573 510,828 36,573 510,828 Jam 114,25 -1.00 114,50 114,50 10 209 Mar 115,60 -1.85 116,60 115,65 22 868 Way 117,00 -1.50 116,00 117,00 12 395 Sep 109,25 - - 20 800 105,90 - 68	Mary 1500 -15 1610 1590 251 8,199 Jair 1543 -18 1566 1540 38 3,250 Sap 1518 -25 1610 1537 3 1,715 New 1505 -31 - - 403 32,250 Total 1,255 32,250 - 4,355 32,250 III COMPEE C* CSCE (37,5000er, contas/tbe) - - 403 32,250 Mar 96,25 - 92,45 95,80 336 13,16	LONDON TRADED OPTIONS Strike price 5 tonne - Calle - Puts - III ALLINANCIMI (BD.7%) DAE Feb Apr Feb Apr 1500	
	All Official Kerb Close Open int. Total daily turnover TIN (\$ per tonne) Close Previous High/low	771 39,935 9,764 62?75-85 629 6290-300 63 631	90-800 95-300 300-10 16/6290	ENERGY B CRUDE OB. NYMEX (42,000 US galas. \$/barrel) Sett. Day's Com price change High Low Vol int. Feb 20,25 - 20,50 20,32 35,701 64,128	Totali 44 1,968 SOYABEANS CB7 (5,000bu mir; ceas/500 budke)	May 95,50 - 99,00 95,50 7 5,623 Jol 95,80 - 99,225 95,75 151 2,011 Sep 95,75 - 99,00 95,75 151 2,011 Sep 95,75 - 99,00 95,75 131 3,009 Dec 95,75 - 98,40 95,00 5 814 Name 95,25 - 98,50 96,50 4 222 Total T0,452 26,913 T0,452 26,913 10,452 26,913 El COFFFEE (ACC) (US cents/pound)	1600 36 69 29 43 1700 8 28 96 101 200PPPER 8 28 96 101 2500 148 103 12 71 2600 76 59 38 125 2700 31 63 - COFFEE Mar May Mar May	8
	AM Official Kerb close Open int. Zotal daily turnover ZINC, special high Close Previous	63 12,801 4,272 9 grade (\$ per tonne) 1010 5-11.5 10 1009,5-10.5 10	300-05	Mar 19.65 - 19.55 18.51 25.042 52.442 Apr 19.16 - 18.32 16.28 7.725 33.285 Mary 18.50 - 18.32 18.28 7.725 33.285 Jan 18.50 - 18.51 5.643 5.643 37.164 Jan 18.32 - 18.28 18.16 7.515 52.576 Tatal Tatal T62,147 577.292 182 18.17 7.515 22.576 Latent Day's Open 24.147 577.292 19.245	Total 22,024 207,925 SOYABEAN CIL CET (50,000bs: cants/bit Jen 24,17 -0.32 24,40 24.16 3,573 Ner 24,41 -0.32 24,42 24.92 23,127 43,374 Ner 24,40 24.19 23,127 43,374 43,474 44,474 <td>Comp. daily 92.55 93.83 15 day average 95.81 96.76 20 No7 PREMUM RAW SUGAR LCE (cents/lbs) 26m 10.30 - - - 26m 10.30 - - - - - - 26m 10.30 - - - - - - - 26m 10.30 - - - - - - - 26m 10.30 +0.41 - - - - - - 26m 11.50 +0.41 - - - - - -</td> <td>1500 222 14 - 1550 182 24 - 1600 145 38 - ICCCOALCE Mer May May 850 50 77 7 12 675 52 58 14 19 900 19 44 26 28 III 8RENT CRUDE IPE Feb Mar Feb</td> <td>13</td>	Comp. daily 92.55 93.83 15 day average 95.81 96.76 20 No7 PREMUM RAW SUGAR LCE (cents/lbs) 26m 10.30 - - - 26m 10.30 - - - - - - 26m 10.30 - - - - - - - 26m 10.30 - - - - - - - 26m 10.30 +0.41 - - - - - - 26m 11.50 +0.41 - - - - - -	1500 222 14 - 1550 182 24 - 1600 145 38 - ICCCOALCE Mer May May 850 50 77 7 12 675 52 58 14 19 900 19 44 26 28 III 8RENT CRUDE IPE Feb Mar Feb	13
4 N - 6 N -	High/ow AM Official Korb close Open int Total daily furnover E COPPER, grade A Close Pravious	1010.5-11.0 10 78,941 11,659 (\$ per tonne) 2715-20 25 2740-45 25	1038 1038 553-55 555-6	price strange High Low Yel Int Feb 19,19 +0.14 19.31 19.19 8,542 51,116 Max 18,53 +0.08 18.65 18.53 7,940 39.927 Apr 18.04 +0.09 18.15 18.64 137.81 15,684 May 17.70 +0.14 17.73 17.67 1,572 12,720 Jan 17.39 +0.12 17.46 17.38 868 13,577 Jul 17.17 +0.11 17.21 17.17 175 5,966 Total 53,364 51,283 5,966 53,354 151,243	Sep 25.48 -0.30 25.70 73.58 66 1.110 Total 39,700 64,451 39,700 64,451 Sov/ABEAN MEAL CBT (100 tone; \$4,071 5,441 5,451 5,461 5,344 Jan 231.1 -4.3 234.0 220.5 4,510 5,344 Mar 234.3 -5.0 232.2 235.4 2,101 14,465 Joi 235.4 -5.2 238.2 235.5 2,526 13,513 Aug 233.0 -5.3 250.2 24.54 12 2,731	Total	1850 77 45 1 41 1900 32 29 12 67 1950 10 15 31 - LONDON SPOT MARKETS ERUDE OX FOB (per barrel/Feb) +or-	16 20
	High/sow AM Official Kerb close Open int. Total daily turnover E LME AM Officiel LME Closing US	2740-42 24 168,174 74,941 25 rate: 1.5510 rate: 1.5506	567-8 557-8 551-2	Bit Carthing Coll. NYNEX (42.000 US galls.; cUS galls.) Open price change High Low Vol Int. price change High Low Vol Int. Coll. Fab 60.64 - 62.50 91.00 24,443 58,487 Start 57,55 - 54,70 57,85 6,465 23,473 Apr 53,84 - 54,30 54,30 2,212 9,014 Start 97,599	Sup 227.5 -4.2 228.5 228.0 35 1,833 Tabal 30,847 102,502 30,847 102,502 III POTATOES LCE (E/tonne)	Mar 102.3 -1.5 303.0 302.0 69 387 Total 2,045 32,045 32,045 32,045 32,045 32,045 32,045 32,045 32,045 32,045 32,045 32,045 32,045 32,045 32,055 37,718 Mar 11,32 - 11,32 11,38 - 70,85 27,319 Jac 10,57 - 10,52 10,40 821 17,135 Ded 10,31 - 10,92 10,40 821 17,135 Ded 10,31 - 10,92 10,47 877 18,721 10,57	Outed \$17.83-7.85w +0.125 Brent Bland (dated) \$19.57-9.59 +0.10 Brent Bland (frib) \$19.17-9.19 +0.20 W.T.J. Image: Comparison of the strengt of th	2
	600 1C-1-00	PHER (COM/EX) High Low Vol 1:74 50 122.00 49	Open	Jun 50.19 - 50.10 48.60 408 8,589 Jul 48.69 - 49.60 48.35 188 5,221 Total 34,789 122,981 ar GAS OLL PE (5/10me) Sett Day's Open price citange High Low Vol Int	Total 100 1,029 ar FRENCHT (20FFEX) LCE (\$10/Index point)	Him 10.10 - 10.10 9.95 253 11,683 May 0.97 - 9.95 6.35 77 1,712 Total 14,240 168,001 14,240 168,001 Mar 83,63 - 63,65 62,90 8,065 25,343 May 82,10 - 82,25 82,40 1,8457 14,457 Jail 82,10 - 82,45 81,75 1,747 7,331	Hearry Fuel Oil \$109-110 +1 Naphtha \$179-181 +3 Jet fuel \$213-215 +3 Diesel \$190-162 +3 Petroleum Argus 7et London (\$171) 559 8782 af OTHER Gold foar troy ozhin \$3396.50 +0.40	1 Sift thru puzzla (6 4 It may be to it's pu
ĩ	Mar 117.05 - Apr 115.75 - Mary 114.15 - Jun 113.20 - Total	117 00 116 05 6.91 115.75 114.20 9 114.30 112.80 45 113.50 112.10 1 12,63	18 23,875 95 698 58 4,278 17 569 35 43,511	Jan 182.50 +3.25 183.50 181.75 10,839 22,738 Fob 177.50 +3.00 176.25 177.25 10,339 30,366 Mar 171.75 +3.00 172.55 17.50 1.555 10.015 Mar 171.75 +3.00 172.55 17.50 1.555 10.015 Mar 165.25 +2.25 166.25 162.55 1.269 5,965 Mary 161.75 +1.75 163.00 151.75 1,851 Jaco 158.75 +1.75 160.00 158.50 79 5,295 Jaco 158.75 +1.75 160.00 158.50 79 5,295 Jaco 158.75 +1.75 160.00 158.50 79 5,295	Oct. 1430 -3 1435 1435 - 252 Total 196 3,822 Glase Free Stel 1879 1585	Oct 79.50	Silver (per troy ac)# 552.5c +2.0 Plethum (per troy ac.) \$418.00 +0.75 Palledium (per troy ac.) \$130.75 -1.00 Copper 125.0c Lead (US prod.) 41.75c Tin (kuala Lumpur) 15.75m +0.02	8 Tha lette bave, 1 l 9 The only ing (7) 11 Showing 12 Having
	Ciose 396.30 Opening 395.50	N MARKET M Rothschild) xice (: equiv S -396.70 -395.90	SFr equity	B NATURAL GAS NYMEX (10,000 mm8ku: \$/ram8ku.) Sett Bay/s Dynex price change ligh Low Val int Feb 2.918 - 2.970 2.880 15.097 37,851 Mar 2.424 - 2.430 2.407 25,182 4.971 18,513 Mar 2.059 - 2.055 1.091 18,751 1827 12,735	FUTURES DATA All futures data supplied by CMS. Spices The first week in the new year started with	Nat L21.60 - L26.25 L21.10 L31.05 May 126.40 - 126.20 123.85 287 2,121 Jat 126.40 - 126.20 125.40 147 236 Sop 128.40 - 128.20 128.40 31 1,074 Mar 125.40 - 128.20 128.40 31 1,074 Mar 125.40 - 128.40 1 324 1,074 Mar 125.40 - 128.40 1 324 1,074 Mar 125.40 - 128.40 1 324 1,074 Mar 2,187 21,857 21,857 1,074 1,074	This (New York) 299.5c +1.0 Cattle (New weight)† 120.85p +0.20" Sheep (New weight)† 118.63p +0.20" Pigs (Ive weight)† 101.53p -20.23" Lon, day sugar (new) \$318.8 +4.8 Lon, day sugar (new) \$387.5 +4.6 Barley (Eng. feed) Unq	one adva 13 The left i 14 Heard on though i 16 Said agai in the re 18 To order
	Attention (a. 39 Day's high 387.00 Day's Low 395.30 Provous close 395 90 Loco Lán Mean Gold	5.60 255 805 -397.40 -395 70 -396.30 Lending Rates (Vs -7 6 months	463.323	Jan 1.859 - 1.870 1.820 996 10,732 Jai 1.824 - 1.930 1.750 331 8,083 Total 25,754 194,251 ■ UNLEADED GASOLINE MTMEX (42,000 US gates: cLS gates:1 Satt Bar/s Com	reports Man Producten. Black pepper market, reports Man Producten. Black pepper proces remained very staady indeed. Most producers disappeared from the market at cheep selfers, in the coming months india will be practically the only supplier of black pepper. This makes the market vulnerable. Black pepper grade 1 wes offsted at US\$2,500 a tonne, CIF. Write	8/1/96: CSCE, COMEX, NYCE & NYMEX were closed due to severe weather conditions. Open interest & Volume date shown for contracts traded on CBT & CME are one day in ameans. IND/CES		the bar (20 Not happ 21 William, what a c 23 Foreward (7)
	2 months	p/hoy oz. US c 356.40 54 361.70 54 366.60 56 376.75 55	cts equiv. id3.00 i60.00 56.304 578.85 equiv.	price change High Lms Vel Int. Fab 60.46 - 61.40 60.33 13,964 29,573 Mar 58.22 - 53,70 58,115 5,118 12,816 Apr 58,50 - 59,50 58,00 1,555 6,744 Mary 58,77 - 54,96 56,50 10,344 5,333 Jan 57,87 - 57,80 57,70 83 3,025 Jail 59,87 - 57,15 56,50 10,54 5,324	pepper prices soared rather suddenly in response to fash demand for alcoable quanti- ties. Supples in producing countries are very tight. White spat Raterdam was traded at \$3,550 a tonne. We expect to see firmer prices.	REUTERS (Base: 18/9/31=100) Jan 5 month ago year ago 2113.4 2105.5 2136.5 2248.5 CRB Futures (Base: 1967=100) Jan 5	Copra (Phill)5 444.0u Soyabaana (US) 215.0 Catton Outlookt*/ Index 66.50 Wootloopa (545 Super) 444p +4 E per tente unleave otherwise visited, p pencelles, c contaito, r inggithis, m Materiale containing, z Jahr u Dockant W w Fob. y Jahrieb, x OctoBoc Landon Phanisat, 5 CF Rotter- dam, 5 Butten moriest alose, 4 Stroop Live weight pinces, * Change on week 1 Phone are for pervious day.	24 They ent tors (7) 25 In banks, (6) 26 Are kept grown (6)
	Gold Coins Ivtegerand Maple Loat New Savaroign	396-399 25	58-257 58-80	Total 22,14, even	· · · · · · ·	Jan 5 Jan 4 month ego yeek ago 208.89 206.84 193.21 178.38	Chengia on week 1 Prices are for previous day.	Solution to Solution to



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INTERNATIONAL CAPITAL MARKETS

Flood of new issues continues

By Conner Middelmann

20

Last week's flood of eurobond issuance did not abate yesterday, with another slew of deals, including two Mexican issues and two UK corporate offerings, hitting the screens.

The United States of Mexico returned to the D-Mark sector with DM1bn of seven-year bonds priced to yield 475 basis points over German hunds, some 10 points more than last week's DM1hn of seven-year bonds for Argentina.

Mexico has moved out along the yield curve since last October's five-year D-Mark offering. That has been helped by a more optimistic attitude among institutional investors towards emerging-market deht. as well as European retail investors' appetite for D-Mark conpons above 10 per cent, said a syndicate official at Deutsche Morgan Grenfell, joint lead with CSFB Effectenbank. Tobacco company Empresas

La Moderna, became the first are no current plans for any Mexican corporate to tap the international hond market since the 1994 peso devaluation. The \$125m threa-year offering, priced to yield 625 hasis points over Treasuries, met such strong demand from US and European investors that the spread closed at just below 600 basis points. ING Barings and J.P. Morgan were BOC Group, the UK chemijoint book-runners. cals and gases group, tapped

INTERNATIONAL BONDS

the dollar sector for 200m of five-year bonds. Despite the deal's relatively small size, lead manager J.P. Morgan said The highlight in the dollar it saw more institutional than sector, bowever, was a \$500m 10-year bond for Glaxo Wellretail hnying. The deal also benefited from offering a more come, the world's largest phargenerous pick-up over Treamaceutical group, via J.P. Morsuries than most recent fivegan and Lehman Brothers. A Glaxo Wellcome spokes-man said: "this is the final leg year deals, of 37.5 basis points at the re-offer price.

The floating-rate sector. which has been starved of new in the restructuring of the supply, saw two new deals. short-term deht acquired at the time of the Wellcome acquisi-Offerings have been sparse in tion into long-term debt. There recent months as traditional

issuers - banks and financial further major bond issuance. institutions - are generally Last May, Glaxo Wellcome flush with cash; indeed, some issued \$500m of five-year bonds have hought back ontstanding and £500m of 10-year bonds. issues. This has caused yield Tha leads reported strong spreads to narrow sharply, providing attractive funding opportunities for borrowers. sales to institutional investors in Europe and the Far East, But although outstanding encouraged by the good performance of the previous two Spanish bank FRNs are trading deals and the bonds' 48 basis point spread over Treasuries.

between Libor flat and Libor plus 5 basis points, a \$400m five-year offering for Argentaria Global Finance, the funding arm of the third-largest Spanish hank, was widely deemed as tightly priced. At the 99.83 re-offer price,

the discounted margin on the bonds was some 4 basis points over Libor and the spread widened out in later trading to about 7 points. Still, lead manager Deutsche Morgan Grenfell reported good demand from institutions in Europe and Asia.

In sterling. Ford Credit Europe issued £150m of threeyear FRNs at a discounted

Borrower US DOLLARS	Arnount m.	Ceupon %	Price	Meturity	Feet %	Spread bp	Book runner
Student Lass Man Assoc. *	1.0550	4.504	97.75	Aug. 1999	0.1275		Yamaichi Insi Europei
Giaro Wellsene	500	8125	39.048R	Jan.2008	0.375R	+48.5 (1%-05)	Lehmany JP Morgan Seca
Arcentra Giobal Francet	400	(a)	99.824R	Feb.2001	0.15R		Deutsche Morgan Grantal
Toresta Dominar (Gd.Cay.(s)	250	5.26	99.66R	Jul 1998	0.15R	+110	UBS
BOC Group	200	S.875	99.818A	Jan.2001	0.325A	+37:-(5-200	JP Morgan Securities
EBRD()+	200	4.50	100,50	Jan, 1997	1.00		Nomura International
Crastaria Sankbis	150	(b1)	69.80209R	Jan.2006	0.45R	-	PaineWebber International
Non Selu Co. 20	150	2.50	100.00	Jan.2000	2.25		Yemeichi Intl.(Europe)
Empresas La Modernaid	125	11.3756	99.64Fi	Jan. 1999	1.375R	+625(51/294-98)	ING Barings/ JP Morgan
D-MARKS					_		
Unded Mexican States	150	10.375	99.50R	Jan.2003	1.25R		CSFB/ Dautache MG
LB Rheatand-Platz Rhance	500	5.375	99.41H	Feb.2002	0.275R		Banque Paribas(Deutsch.)
Statagerkasse Koin	250	8.00	101.40	Jan.2004	2.375		ABN Amro/ Trinkaus
SWISS FRANCS Recubic of Austra(e)	750	4.00	101.75	Feb.2006	2.75		UBS
STERLINO Ford Credit Europelist	150	(11)	99.633R	Jan.2001	0.15R	-	Sarciaya de Zoste Wedd
FRENCH FRANCS	1bn	7.125	99.10R	Feb.2006	0.45R	+50(1)	Société Générale
SOUTH AFRICAN RAND	250	13.25	100.90	Feb. 1997	1.00		Hambros Bank

Final serms, non-callable unless stated. Yield spreed (over relevant government bord) at launch supplied by lead manager. #Unitsted, dyVpr equity wernants, # Floating-rate note, #Serm-annual coupon, R: Read mer-offer price; fees above at no-offer level, a) 3-mit Ubor fat, b) Catable on coupon dates from Jan 01 at per, b1) 3-mit Ubor +35bp to Jon 31 and +110pp thereafter, c) Fixing: 15/1/95, d) Ownershop clause, e) includes SPr250m increase at 101%s, f) Callable on coupon dates from Jan 99 of per, f1) 3-mit Libor +12*30p. I Over starpolated yield, f) Long 1st coupon, a) Short 1st coupon.

tor also saw a \$1.05bn bond for margin of 16.5 basis points over three-month Libor via BZW. the US Student Loan Marketing Association via Yamaichi The deal saw particularly strong demand among UK financial institutions. investors. Among others, the dollar sec-

targeted at Japanese retail Austria issued R250m of oneyear paper in the South Afri-Philips Electronics tapped can rand market via Hambros. High-yield bond funds increase in popularity By Antonia Sharpe

Snov

Falling interast rates, economic weakness and controlled inflation increased the popularity of bond-based funds in high-yleiding European countries in November, mutual fund data complied by J.P. Morgan indicate. Bond funds in Italy and Spain recorded net inflows for

the fourth consecutive month, of L356hn and Pta14.6hn respectively, following a trend established in Sweden. In addition, hoth UK and US bond funds attracted record net subscriptions in November.

By contrast, net redemptions from bond-based funds in France continued, reaching FFr10.7bn, the largest monthly nutfinw in 1995, despite an improvement in the bond mar-ket. Net redemptions from bond-based funds also continued in the Netherlands, where bonds represented 66.1 per cent of total assets in the third quarter, down from 68.9 per

cent a year earlier. In the UK, bond funds took in a record £174.2m in November as bopes of interest rate of 0.5 per cent, following a fall cuts attracted retali money into UK gilt and fixed-interest funds. International funds took in a record £33.8m (compared with a six-month average of £4.8m), mainly reflecting institutional flows, In the US, bond funds attracted a record \$4.1bn, up almost 10 per cent from October. However, as a percentage of total portfulios, bond assets fell to 38.9 per cent from 44.3 per cent at the start of 1995.

Net subscriptions to UK equities honneed back to £386m in November after declining steadily over the previous four months. Over £60m of institutional money went into UK smaller companies funds, hy far the largest inflow since August 1994.

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LONDON MONEY

Volumes hit by blizzard in New York **Moroccan privatisation bonds** President Bill Clinton was slowing growth and easing Foreign institutinnal inves-By Lisa Brensten in New York By Rnula Khalaf To encourage cnnversinn inflationary pressures. On Thursday, German GDP figures are expected in show a

After fighting a six-month battle with the ministry of finance, Mr Abderrahmane Saaidi, Morocco's privatisation minister, finally had his way and yesterday began issuing privatisatinn bonds. The Db1.5hn issue, which

rivalry between the two ministries had delayed, should inject some vigor into a privatisation process that had become bogged down in bureaucracy. It will also allow the government to raise funds hefore companies are put up for sale.

The three-year state-guaranteed bonds, issued in Dh1,000 denominations, give investors the choice of converting to shares in forthcoming privatisations on the stock exchange - at which time the yield will be calculated at 8 per cent - or holding them to maturity for an 8.5 per cent yield.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Red Coupon Date

during privatisations, bondholders will he given priority nver other investors. The bonds will be traded on the official market at the Casablanca stock exchange from January 22. The issue closes on January 18. Morocco has so far sold inter-ests in 23 companies and 18 botels, with another 53 companies and 19 botels left on the privatisation list, Seven privatisations were through the

who bought at the issue price have earned a 32 per cent average annual return. The privatisation honds are targeted at individual investors and the ministry of privatisation is boping to tap into funds outside the hanking system. The advertising campaign focuses on Moroccans who leave part of their money under the mattress.

tors have a small window of participation. At least 70 per cent of the issue is aimed at individual investors, with priority then given to the eight local mutual funds before other institutions. Nnn-resident investors will be exempt from withholding tax. Privatisation ministry officials hope the success of the domestic issue will belp Mr Saaidi convince the ministry of finance to allow the issue of an stock exchange and investors international trancbe, despite fears that the privatisation bonds will compete with Treasury bonds. Mr Jalal Houti, a director of Upline Securities, a local hrokerage, said yesterday the bonds will not only add a new

instrument to the exchange hut will force the government to accelerate the privatisation process and offer attractive discounts to investors.

and Richard Lapper in London US Treasuries were flat in thin trading yesterday as traders

were kept at home by the blizzard that paralyzed much of the east coast. And with the markets looking for direction from New York, European volumes were also low.

"Everybody is so dependent on the US for direction and with the US snowed in we were left floundering in tight market ranges," said Mr Stuart Thomson, chief international economist at Nikko Europe.

Due to the stormy conditions, the US market closed at noon in New York. At that time the benchmark 30-year Treasury bond was up i at 111H to yield 6.038 per cent and the two-year note was unchanged at 100% to yield 5,182 per cent.

due to meet Congressional leaders after the market closed for another round of negotia-tions on bow to balance the federal budget. Over the weekend the president announced a budget pro-posal that, like the Republican

plan, would balance the hudget in seven years. GOVERNMENT

BONDS

Economists and traders expect the government to resume releasing economic data later this week. No official data has been produced since late December because the government was partially shut amid wrangling over bow to balance the budget. The dollar was also mostly

flat against the D-Mark and the Japanese yen yesterday. Near

noon it was changing hands for DM1.4392 and Y105.34 compared with DM1,4395 and Y105.25 late on Friday.

In Europe, currency factors - the lira strengthened against

awaiting a parliamentary debate this week on the future of the Italian government, trad-

futures contract gained 0.24 to settle at 109.42, while in the cash market the 10-year yield spread over Germany fell by one basis point to 469 points.

amid expectations that economic data due later this week will underline a picture of £708m in September.

BUND FUTURES OPTIONS (LEFE) DM250,000 points of 100% FT-ACTUARIES FIXED INTEREST INDICES Day's Week Mont Price change Yield ago ego Day's change % Accuse Strike Price CALLS Mon Jan 2 Fri Jan 5 Price India UK Gates ytd Jan 8 Jan 5 Yr. ago Jan 8 Jan 5 Yr. ago Jan 2 Jan 5 Yr. ago Feb Jun Feb Apr Apr 10,000 02/06 112,6200 -0,230 8,14 8,46 8,35 6,500 11/05 101,3400 -0,020 6,31 8,36 6,71 8,500 03/05 93,1500 40,090 8,62 8,69 6,76 8,750 12/05 11,5400 -0,110 7,10 7,08 7,34 8,000 03/06 105,9400 40,020 7,15 7,24 7,42 9950 10050 10050 0.79 0.55 0.36 0.68 0.48 0.35 0.58 0.94 1.25 1.01 0.81 0.64 0.35 0.61 0.89 1.25 1.56 1.82 2.14 2.14 1.85 1.55 2.13 0.12 S yrs 0.00 15 yrs 1.02 20 yrs 0.00 irred.† 0.21 7 09 7.82 7.68 0.46 0.22 0.10 1.56 1.88 2.21 6.87 7.70 7.80 7.88 7.00 7.74 7.83 8.71 3.72 8.72 7.06 7.82 7.66 871 7.02 8.91 8.93 6.87 1 Up to S years (22) 122.96 123.00 2.98 -0.00 5-15 years (21) Over 15 years (2) 8.58 8.54 8.62 150.06 150.07 7.74 7.83 165.83 190.81 165.84 181.13 -0.05 7.80 -0.17 comables (6)

of 0.25 per cent in the third quarter. Yesterday, March 10-year bond futures advanced by the D-Mark – helped italy regain some of the ground it lost on Friday, with its 10-year 0.10, settling on Liffe at 99.61. bonds out-performing Germany and other European markets. Gilts were unaffected by fig-However, with the markets ures showing weaker than

expected consumer credit data for November. Net lending amounted to £613m and the

Octoher figure was revised

German markets advanced

ing was thin. On Liffe the 10-year March

downwards by £40m. On Liffe the March long gilt future set-

the tune of £1.29bn, while over-

seas investors sold a net £712m, compared with net purchases of £871m in October and

tled at 110's, up 1/2. Bank of England figures sbowed that banks were net buyers of gilts in November to

the French franc sector for

FFr1bn of 12-year bonds via

Société Générale while Bank

decline for the fourth quarter

Australia 10.000 02/06 112.6200 -0.230 8.14 2.48 8.35 Austria 6.500 11/05 101.3400 -0.0230 6.31 8.36 6.71 Belgium 8.500 11/05 101.3400 -0.0230 6.31 8.36 6.71 Belgium 8.500 03/05 99.1500 -0.090 8.62 8.99 6.76 Canada 8.750 12/05 111.5400 -0.110 7.10 7.08 7.34 Demmark 8.000 03/06 107.2500 -0.010 2.57 5.90 6.04 France 87AN 7.750 04/06 107.8200 -0.010 2.64 8.84 290 Germany Bund 6.500 10/05 103.7500 -0.090 5.95 8.03 6.25 Isekand 8.000 08/06 103.7500 -0.090 5.95 8.03 6.25	9950 0.46 0.79 0.68 1.01 0.35 0.68 1.25 1.56 10050 0.22 0.55 0.48 0.61 0.61 0.94 1.86 10050 0.10 0.36 0.48 0.61 0.94 1.82 2.21 Est. vol. total, Cate 11116 Parts 12237, Providue day's open int., Cate 154553 Parts 147603 Italy III NOTIONAL (TALIAN GOVT, BOND (#TP) FUTURESS (LIFFE)* Lina 200m 100%	1 Up to 5 years (22) 122.96 -0.00 123.00 2.14 0.12 5 yrs 2.96 6.87 2.71 7.02 7.00 8.71 7.09 7.06 8.91 2 5-15 years (21) 150.06 - 150.07 2.14 0.00 15 yrs 7.70 7.00 8.71 7.09 7.82 8.91 3 Over 15 years (21) 165.83 -0.05 165.84 1.85 1.02 20 yrs 7.80 7.60 8.54 7.83 8.72 7.88 7.80 8.91 4 bredgenmatcles (51) 190.81 -0.07 191.13 1.55 0.00 bredt, 1 7.80 8.82 7.83 8.72 7.88 7.86 8.87 5 A# predesmatcles (57) 144.87 2.13 0.21 - - - - - 144.87 2.13 0.21 Index- diration 196.94 1.80 0.00 Up to 5 yrs 2.47 2.47 4.15 1.31
Italy 10.500 0905 100.5700 -0.250 10.401 10.60 11.25 Japan No 128 6.400 03/00 117.6640 -0.150 1.80 1.67 1.28 No 174 4.600 09/04 110.850 -0.050 3.02 2.90 2.68 Netherlands 6.750 11/05 105.6300 -0.050 5.97 6.03 6.28 Portugal 11.875 02/05 112.8803 -0.040 9.67 9.82 10.41 Spain 10.150 01/06 02.1900 -0.030 8.60 8.72 10.28 Weden 6.000 02/05 8.4990 -0.330 8.34 8.45 8.82 UK Gitts 8.000 12/00 104-12 -1/32 6.93 8.11 7.03	Open Sett price Change High Low Est. vol Open Int. Mar 109.40 109.42 +0.24 109.56 109.19 28023 57470 Jun 108.80 108.93 +0.25 108.90 106.80 206 1550 ■ (TALIAN GOVT, BOND (STP) FUTURES OPTIONS (LFFE) Uns200m 1000ms of 100% Series	7 Over 5 years (11) 198.72 -0.07 188.86 0.88 0.00 Over 6 yrs 3.53 3.53 3.89 3.34 3.33 3.70 8 All spocks (12) 188.77 -0.07 188.91 0.90 0.00 Average gross redumpton yields are shown above. Coupon Bands: Low; 0%-7%%; Medium: 6%-10%%; High: 11% and over, † Fist yield, yid Year to date. FT FIXED INTEREST INDICES GILT EDGED ACTIVITY INDICES
8.000 12/05 100-51 +3/32 7.49 7.42 1.00 8.000 10/08 110-26 +2/32 7.65 7.57 7.77 US Treasury 5.875 11/05 101-14 - 5.68 5.61 5.92 8.875 09/25 111-15 +8/32 6.04 5.99 6.25 ECU (French Govit, 7.500 04/05 104.0400 -0.020 6.89 6.98 7.15 London closing, New York mid-day Yetter Local market standard. 7 Grass including wetholding ter at 1.25 per cent pareble by norresolution Prices US, UK in 32nds, others in decimal Source: MMS International	10950 1.40 2.26 1.48 2.83 11000 1.15 2.04 1.73 3.17 Err. vol. lotal, Calls 2132 Puts 2649, Providus dey's open int., Calls 46236 Puts 34740 Signatini III NOTIONAL SPANISH BOND FUTURES (MEFF) Open Sett price Change High Low Est, vol. Open int.	Fit
US INTEREST RATES Close Treasury Bills and Bond Yields Dire month 5.36 Two year 5.20	Mar 96.50 96.31 -0.00 96.54 96.16 97.315 48.215	FT/ISMA INTERNATIONAL'BOND SERVICE Lated are the letter international bonds for which there is an adequate secondary market. Latent prices at 7.95 pm on January 6.
Prise rate 012 Two month 5.19 Three year 5.42 Broker loss rate 74 Three month 5.18 For year 5.42 Fod bands	Instruction Instruction	Issuer Bid Offler Offler Yield Issuer Bid Offler
BOND FUTURES AND OPTIONS	Price: Feb Mar Apr Jun Feb Mar Apr Jun 110 0-54 1-21 1-24 1-81 0-38 1-05 1-44 2-17 111 0-25 0-54 0-63 1-36 1-08 1-36 2-19 2-58 112 0-09 0-32 0-41 1-14 1-57 2-16 2-51 3-34 5st, vol. total, Calls 1874 Parts 1570. Previous day's open intr_ Calls 18149 Parts 16736 2-17 3-34	Asten Dev Bark 64, 05 750 102 ¹ / ₈ 6.05 SHRSS FRAMC STRACHTS Hanson 10 ¹ / ₈ 87 £ 900 105 ¹ / ₂ 105 ¹ / ₈ 116 ¹ / ₈ 116 ¹ / ₈ 117 ¹ / ₈ 1 2 865 Austin 8 ¹ / ₂ 00
France II NOTIONAL FRENCH BOND FUTURES (MATIF) FF/500,000 Open: Sett price: Change High Low Est, vol. Open Inc.		Beighum 5/2 03 1000 86% 86% 46% 86% 46.05 8834,89 1000 104/2 104/4 2.21 Ontarto 114 01 0 100 114/8 125 Ja 7.35 BFCE 74,67 150 102/9 102/9 5.55 88 64,04 300 115 116/4 4.63 Powertyen 64,03 0 230 106 106/4 7,88 Bforth Characterization 74,02 500 112/9 112/9 12/9 7.36
Open Sett price Change High Low Est. vol. Open Inc. Mar 120.64 120.52 -0.06 120.70 120.26 114,498 Jun 121.06 120.96 -0.04 121.06 120.96 500 5,962 Sep 120.02 119.92 -0.04 120.02 120.02 2 715 It LONG TERM FRIENCH BOND OPTIONS (MATIF)	Open Sett price Change High Low Est vol. Open int. Mar 90.92 90.88 - 90.92 90.76 783 6,919	Caracte 5 ¹ / ₂ 87 2000 101 ⁵ / ₂ 101 ⁴ / ₃ 5.31 Inter Amer Dav 4 ¹ / ₄ 00 600 105 ⁴ / ₄ 105 ⁴ / ₄ 3.92 TCNC Fin 8 ¹ / ₄ 02 N23 75 108 ¹ / ₂ 108 ¹ / ₂ 108 ¹ / ₂ 101 ⁴ / ₃ 5.31 Inter Amer Dav 4 ¹ / ₄ 00 600 105 ⁴ / ₄ 105 ⁴ / ₄ 3.92 TCNC Fin 8 ¹ / ₄ 02 N23 75 108 ¹ / ₂ 108 ¹ / ₂ 101 ⁴ / ₃ 101 102 ⁴ / ₄ 113 4.13 World Bank 12 ¹ / ₈ 102 ⁴ / ₄ 1.23 108 ¹ / ₂ <
Strike CALLS PUTS Price Feb Mar Jun 118 - 2.74 - 0.25 119 - 2.00 - 0.11 0.46	US US TREASURY SOND FUTURES (CBT) \$100,000 32nds of 100% Open Latest Change High Low Est. vol. Open ht.	East Japain Railway 6% 04 600 1102/2 1027/2 6.22 World Bink 027 700 29 29/2 4/4 4.90 GR5 6 04 500 987/8 100/8 4/4 6.02 World Bink 7 01 600 1163/8 1163/8 1/8 4/2 3.47 FLOATENG RATE HOTES BIS 9/4 97 1000 1053/8 107 5.31 Bis 04 Firston 9 88 200 1053/8 107/8 4/8 5.55 YEN STRAIGHTS
120 0.89 1.28 0.32 0.77 121 0.28 0.71 1.59 1.25 1.63 122 0.08 0.38 .	Mer 120-09 120-15 +0-06 120-24 120-05 535,560 363,012 Jun 120-03 120-03 +0-07 120-09 119-24 1,368 18,745 Sep - 119-12 50 5,540	Ex-Im Bark Japan 0 02 500 110 ¹ / ₂ 110 ² / ₃ 535 Beigam 5 58 7500 111 ¹ / ₃
Germany I NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%	Japan II NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) YIOOTI 10075 of 100%	Ford Mass Credit 64, 99 1500 1074, 10152 559 kay 52 01 300000 1034, 1037 _4 2.77 Conducativ OS Fin 1, 96 750 99.68 99.74 5.7500 to 54 Japan Dav Bit 589 100000 1113, 1115 _4 122 Credit Lytomak (20 300 97.86 9928 5.8750 Nr Fin 1, 96 300 97.86 9928 5.8750 100.13 5.8750 Nr Fine American Pri 72 00 50 801 801 558 Japan Dav Bit 589 Japan Dav Bit 599 Japan Bit 589 Japan Dav Bit 589 Japan Dav Bit 589 Japan Bit 589 Japan Dav Bit 589 Japan Bit 589 Japa
Opens Sett price Chango High Low Est, vol Open int, Mar 99.65 98.61 +0.10 99.77 99.48 963,72 206049 Jun 99.00 98.83 -0.11 99.00 98.90 1075 2292	Open: Close Change High Low Est. vol Open int. Mar 118.03 119.14 118.66 1723 0 'UFFE futures also traded on APT. All Open interest figs. are for previous day.	Ind Prances 54, 65 500 98% 100 5.28 SNCF 64, 00 30000 118½ 1184, _4 2.05 Dreadingr Finance 1, 98 DM 1000 100.03 100.11 4.1464 Barly 67, 22 200 98% 98% 94% 14 6.28 Scain 54, 02 125000 118½ 1184, _4 2.05 Financial State 0.1097 420 100.02 100.17 5.7500 Barly 67, 23 3500 98% 97% 14 7.27 Sweden 45, 98 150000 107% 107% 14, 11.3 Friard 0.07 1000 100.09 100.00 100.12 5.7500 Barly 67, 23 3500 98% 97% 14 7.27 Sweden 45, 98 150000 107% 107% 107% 14, 11.3 Friard 14, 99 1000 100.00 100.00 100.12 5.7500
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CURRENCIES AND MONEY

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MARKETS REPORT Snow and budget talks place freeze on dollar

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By Philip Gawith

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The severe blizzards on the US East coast and continued uncertainty over the budget process were yesterday suffi-cient to throw a wet blanket over foreign exchange trading.

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With the budget process still unresolved, there was little reason to expect the dollar to break out of the recent fairly narrow ranges against the D-Mark. This tendency was only aggravated by the foul weather in the US which prevented many traders making it to their desks, severely inhibiting activity in the New York

markets. The dollar finished in Lon-don at DM1.4403, from DM1.4375. Against the yen, it closed at Y105.28, from Y104.865.

In Europe, the lira benefited from comments by Mr Lamberto Dini, the caretaker prime minister, saying he would not offer his resignation later this week. It finished at L1,095

Closing mid-point

15.7020 45.8756 8.6300 8.7823 7.6482 2.2322 366.152 0.9683 2443.57

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BASES BASE

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against the D-Mark, from sury economist at ABN AMRO D-Mark L1,099. Sterling had an uneventful

the yen's weakening from a day, closing at DM2 2822 against the D-Mark, from peak of Y58.7 in early 1995 appeared dramatic, it was less DM2.2319, and at \$1.5499 so when seen against the conagainst the dollar, from \$1.5527. text of Y89.3 in August 1992.

He pointed out that in terms of technical analysis, Y74 rep-The market remains possessed of a vague optimism about the prospects for the dolresented a 50 per cent retracelar, but the likelihood of an sharp move ahead of a concl

sive budget deal is slim. With the dollar range bour against the D-Mark, and takin a breather against the ye after last week'e sharp mor focus shifted towards th D-Mark/yen cross rate. Yeste day it reached an intra-da high of Y73.3, close to the 199 Mr Tony Norfield, UK tre

acting as a serious drag on German growth. A recent survey of chief deal-ers by the London based For- on the view that if Mr Dini

provide a period of stability which will be good for Italian assets, especially considering the high yields they offer, which in turn should bolster

the lira. Mr Giorgio Radaelli, international economist at Lehman Brothers in London, believes the lina's performance against the D-Mark has become increasingly dependent in recent years on the dollar'a performance against the D-Mark. A strong dollar helps the lira, and vice-versa. Lehman expects a stronger dollar for most of the year.

Mr Radaelli cites another three reasons why the lira may perform well. First, on purchasing power parity, or fair value, estimations, he believes the lira is undervalued by around 15 per cent agai D-Mark. Second, a similar me

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conveyed by the shar around in the Italy-Ge trade balance. Betwee and 1992 this posted an

One month Rate %PA

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1.3512 7.5504

-0.1 -0.3

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deficit of L65 trillion. This balance has swung to a surplus of L6.7 trillion in the last three years. Third, taking account of rela-

1 3.0 M 14.8

tive GDP and price competitiveness variables, the lira exchange rate onght to be about 25 per cent stronger than it is today if current account balance is to be achieved. Mr Radaelli said history suggested Italy's "ultra-competitive" situation would not endure, with either a jump in inflation, or currency apprecia-tion, eroding the current advantage. He plumps for the latter, saying that a 10 per cent appreciation, or target of L1,000 over the next 18 months,

seems a good medium term target.

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Three months Rate %PA

WORLD INTEREST RATES MONEY RATES Jernuary 8 Over hight One year Lomb. inter. Dis. rate One month Three mths Sio. miths Rapo Belgium week ago 3.00 3.00 --3.00 3.00 334 4 335 5 10 8 8 8 8 8 4 4 3 3 5 5 10 10 8 8 1 18 5 5 4 1 7.00 ********** 33 44 5 5 5 0 5 5 3 1 1 5 5 5 4 France 4 45 4,45 5.00 5.00 5.85 5.85 3.75 6.25 6.25 10.48 10.50 3.40 3.40 week ago Germany week ago Ireland week ago italy week ago Netherlands 9.00 9.00 3.00 3.00 1.50 1.50 5.25 5.25 5.25 0.50 0.50 week ago Switzerland 5.00 5.00 week ago US week ago Japan week ago -SLIBOR FT L 5<u>5</u> 58 5% 51 52 rbeak Fiding week ago US Dollar CDs week ago ECU Linked Ds 5.25 5.25 5 5 4 3 11 3 3 5.30 5.28 5 5% 3% 3% 5.14 5.20 41 5.4 5.4 32 32 week ago SDR Linked Da week ago LIBOR In 11am e nestic Money Ridge, USS CDs. ECU & SDR Linkad De Mid alling are shown for the do EURO CURRENCY INTEREST RATES Jan e Short 7 days notice Three One year One term months 312 - 311 44 - 42 313 - 313 514 - 42 313 - 313 514 - 42 814 - 85 8 34 - 35 412 - 34 342 - 34 345 - 34 346 - 34 347 - 347 3¹4 - 3⁵8 4¹4 - 3⁵8 3⁵7 - 3¹2 3¹2 - 3¹4 3¹2 - 3¹4 3¹2 - 4¹5 3¹4 - 4¹5 8¹2 - 8¹3 1¹4 - 1⁵8 5¹8 - 5¹5 5¹8 - 5¹8 - 5¹5 5¹8 - 5¹8 - 5¹5 5¹8 - 5¹8 Belgian Franc Danish Krone Danish Krone Dutch Guider Franch Franc Portuguest Est. Spanish Presea Sterling Switz Franc Can, Doller US Dollar Italian Lira Yan Asea SSing One year J.P Morgan Rata %PA index 5 . 12 24 . 25 2 25 14 213 23 - 24 212 106.5 108.5 108.8 85.1 110.2 110.8 66.3 Short term rates are call for the US Dollay and Yon, others: two days' notice ONTH PIEOR PUTURIES (MATH?) Paris Inserbank office red rate (FFr5m) Sett price Change Open High Low Est voi Open mL 95.00 95.22 95.31 94.85 95.18 95.27 -0.14 -0.06 -0.06 95.03 95.25 95.34 94.77 95.09 95.21 55,840 9,887 5,520 52,305 44,918 33,318 Mar Jun Sep 71.0 E THREE MONTH EUROMARK FUTURES (LIFFE) DM1m points of 100% 106.5 108.4 97.3 95.1 82.3 86.9 115.2 83.0 Open 96.45 96.56 96.55 96.44 Sett price Change High Low Est. vol Open mt, Mar Jun Sep Dec 96.43 96.55 96.54 96.39 -0.02 96.45 96.58 96.56 96.44 96.43 96.54 96.53 96.38 11158 9393 9756 8363 187558 141806 120106 117776 -0.01 THREE. MONTH SUROLINA FUTURES (LIFFE) L1000m points of 100% Sett price Open Change High Est, vol Low Open int. Mar Jun Sep Dec 90.22 90.63 90.73 90.78 90.20 90.60 90.79 90.81 90.23 90.63 90.81 90.85 90.18 90.57 90.76 90.76 5506 1888 920 623 45846 25487 14215 +0.01 +0.03 6981 83.6 MONTH EURO SWISS FRANC FUTURES (LIFFE) SFrim points of 100% 95.4 Sett price Change Open High Low Est. voi Open int. 98.27 98.32 98.25 98.31 98.25 98.05 -0.02 -0.03 -0.03 98.27 98.33 98.27 98.06 98.24 96.30 98.25 96.05 2328 1971 578 233 23101 14871 7036 1189 Jun Sep Dec 97.8 98.27 96.05 MONTH ECU FUTURES (LIFFE) Eculm points of 100% - THREE 137.5 Sett price Change Open High Low Est, vol Open int.

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ny	from Y89 to Y58.7.	
10-	The question now facing	- 1 "M
	markets is whether the D-Mark	
nd	or the dollar has more upside	
ng	against the yen. Some light	60
en	should be shed on this ques-	1994
Ve,	tion this week, which sees the	Source: FT Extel
he	release of some key data about	
er-	the German economy. If, as	them to be opti
ay	some expect, the data show the	dollar's prospe
95	economy to be very weak, this	yen. Surveyed
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continues in office, this will DOLLAR SPOT FORWARD AGAINST THE DOLLAR One year Bank of Rate %PA Eng. Index Rate %PA Jaim B Closing mid-point. Changa on day

last week's sharp cent of the 32 ness. Many economists believe chief dealers approached saw that an overvalued D-Mark is the dollar going above Y105 over the next three months. on the view that if Mr Dini

Against the Yen (V per DM).

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ALCOHOLIC BEVERAGES BUILDING MATS. & MERCHANTS - Cont. **ELECTRONIC & ELECTRICAL EQPT** HOUSEHOLD GOODS - Cont. **INVESTMENT TRUSTS - Cont.** Cont Cont ek Lin lan Cath 4361; 5.349 332 205,5 99 27,1 352 8483 404 2.942 317 355,9 521 8,055 521 8,055 537 525,5 515 5 Ng 675 P.E 50 6 31 151 31 178 53 152 25 159 Hat 11.1 371.2 327 1.25 2,616 - 01 765 Disor Gr's NASP Proj-1 4,4 4005.8 16 2,0 337 5 119 1,9 518.3 138 8,7 57 1 194 - 95.9 -11 - 12 - F1 - F1 - F2 - F Kotes Alec Longen Antho Bulmer (Hr. 1997) Burn Si Dot. 70 Garnel Mar. 70 Garnel Mar. 70 Hopizno . 71 Lanstan-Gien, 72 Marthue Clark, 73 M Hotes Taon _______ Taons Pankins ______ Tudor ______ Universal Cerasic ______ Valentouse ______ Voluminy _______ Ker___ 1101 301 1100 1100 1100 1100 13 Joz Inds UP2 Inds UP3 Inds AT7 II Prof. - Star 1467 5344 5354 1467 5344 1751 210 140 1 23.7
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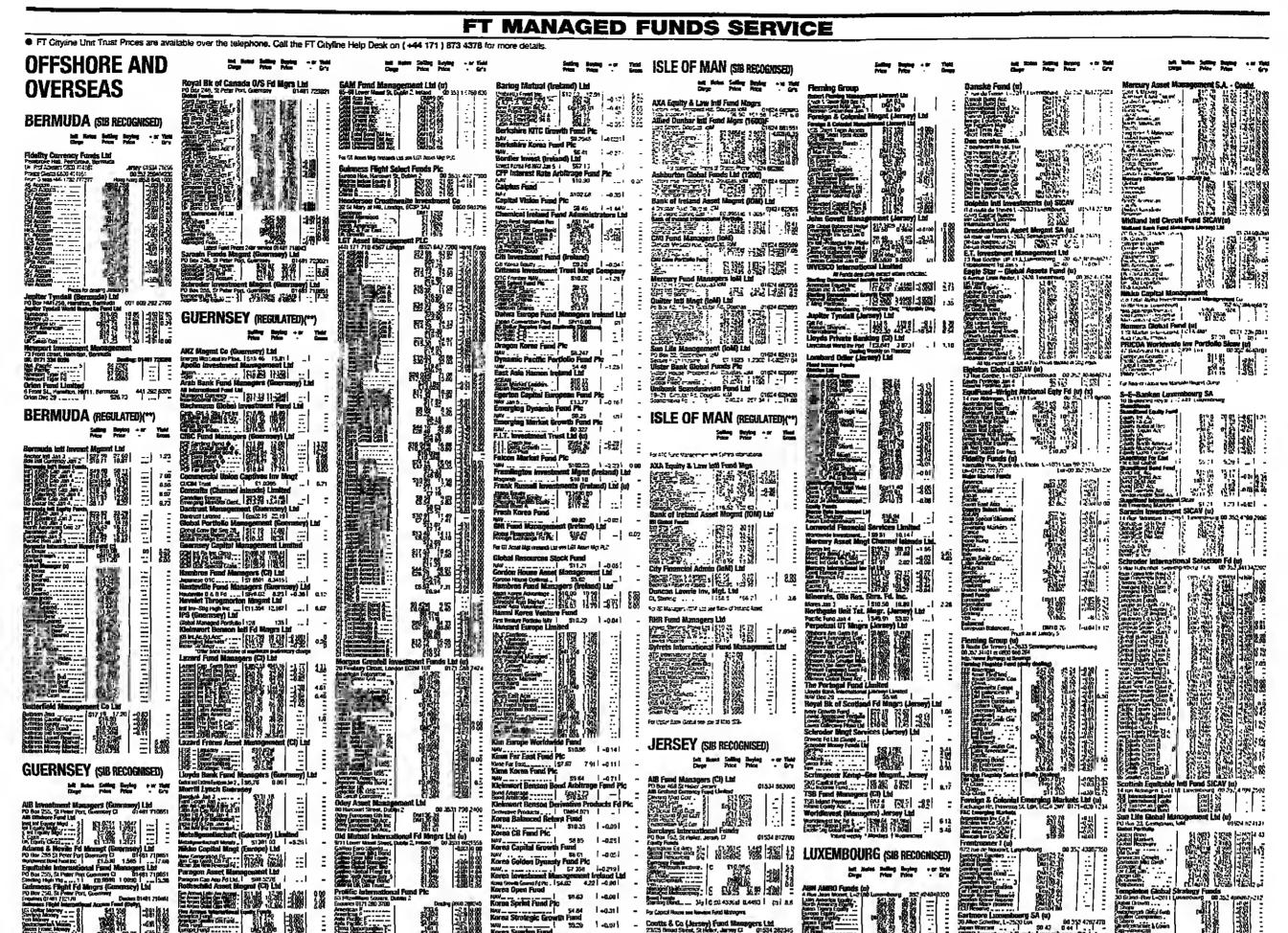
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LONDON STOCK EXCHANGE

MARKET REPORT Equities braced for another bout of bid action

By Steve Thompson, UK Stock Market Editor

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Hopes that an expected increased offer for Forte, the hotels and leisure group, from Granada may be the first of a fresh series of big bids in the UK helped to drive the main market indices to all-time closing highs yesterday.

The bid speculation, coupled with increasing optimism that a settle-ment of the long drawn out US hudget impasse may be imminent, saw the FT-SE 100 index end the ses a net 16.1 higher at 3.720.6 and the FT-SE Actuaries All-Share index hit a record 1.821.21 for a rise of 6.82. The market's concentration on

the leaders meant that the second line stocks were slightly less impressive, although the FT-SE Mid 250 managed a rise of 8.9 at 4,080.1. The index is still almost 73 points short of its all-time high - 4,152.8 recorded in February 1994. London's performance impressed

many of the leading marketmakers. One said the market had expected a much sharper decline in shares last Friday and today, but had been wrongfooted by the resilience of Wall Street, where the Dow Jones Industrial Average had performed mucb better than expected. The US continued to provide

much of the ammunition for the UK market, with the Dow rising seven

Analysts said positive senti-

ment was driving the whole

Analysts and traders held

sector forward.

Forte hints

points on Friday and opening strongly yesterday when trading finally got under way in a blizzard affected New York. Shortly after trading began ves

before slipping back to show a 7-point gain and then rallying again to display a 12-point advance two hours into the session. Snow storms across the eastern US saw crude oil prices race ahead to their highest levels for around

three years and fuelled good gains across the oil sector. Enterprise Oil led the oil pack, helped by a forecast upgrade from one of the market's leading broking

cially since yesterday was the first trading session since the Christmas/ new year break to see the City's trading desks at full strength. By 6pm, turnover had reached

575.4m shares, with non FT-SE 100 stocks accounting for 64 per cent of the total Retail business on Friday was valued at £1.49on.

Dealers were bracing themselves for the final salvo from Granada in its battle to win control of the Forte empire. Some expect Granada to hoist its bid to 365p in cash and possibly lannch a market raid. Allders was another stock in the middle of bid speculation, surging on news that LVMH, of France, had bought a 2 per cent stake in the company.

> Shares in McBride, Eu largest manufacturer of label household product toiletries, which was floa July, tumbled. 37 to 14 response to a profits way Henderson Crosthwait already cut its profits fore for McBride for the year to June 1996 from around the £40m mark to £30m. After yesterday'e trading statement, it downgraded again to between £24m and £25 Crabtree, the printing press manufacturer, eased 4 to 380p as one institution offloaded a

Sweeteners group Tate & Lyle was one of the day's worst Peter John,

LONDON RECENT ISSUES: EQUITIES

September 1996 by £23m to £308m, and by £15m to £381m the US combined with continued expectation of some cantionary research in the UK. Barclays, with a line of 2m

shares in the market which is still looking for a home, dipped 7 to 764p. However, Standard Chartered improved 10 to 586p, with dealers pinpointing a Lehman Brothers recommendation. Dealers cited a shortage of

FT-SE Mid 250 FT-SE-A 350 FT-SE-A All-Share +8.9 +7,1 +8.82 FT-SE100 Fut May 10 yr Gilt yield Long gilt/equity vid ratio: FT-SE-A All-Share yield 3.75 (3.77) st performi Worst perform Gas Distribution Household Goods OI Exploration +1.8Extractive inds Building Mats Oil, Integrater +1.6 Mineral Extraction Retailers, Food - 5 Life Assurance +1.1 FUTURES AND OPTIONS

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Weather boost for oils

The big freeze in the US has warmed the hearts of investors in the oil sector. As the cold weather sncks up oil stocks, it has pushed the price of Brent crude to the edge of a threeyear high.

And with January Brent bursting through \$20 s barrel yesterday, Shell Transport motored forward 11% to set an all-time closing peak of 877%p. BP joined it with a rise of 10 to its own record close of 549%p. Analysts said the US freeze

had seen national stocks of heating oil drop by 12 per cent. And with the oil majors resisting the tendency to over-stock in an attempt to cut costs, any pick-up in demand leads to a rise in prices.

However, Ms Irene Himona of SGST cautioned that the price rise was unlikely to last. "On the supply side, Opec is still over-producing," she said.

The enthusiasm spilled over to Enterorise Oil, which was also helped by news that it has scouired licence interests in four blocks close to its Nelson field in the central area of the UK North Sea. Also, agency broker James Capel upgraded

its earnings forecasts for the group. The shares appreciated 10 to 394p. Meanwhile, Burmah Castrol

jumped 24 to 962p in spite of the fact that its profits are generated principally by speciality chemicals and a rising oil price would tend to hurt profits.

......

15 per cent of Forte's stock. back. With today being the last opportunity for Granada to show its hand, market watchers were also expecting the company to raise its offer, with the cash alternative expected to be in the region of 360p to 370p s share. Few had given the UK's leading botels and restaurants operator much of a chance of staying independent when the industry in Germany where bome entertainment giant launched its takeover bid last November. However, dealers said yester-

day that the stronger than anticipated defence from Forte now meant that the odds were now slightly in favour of it escaping the clutches of its predator.

Sbares in Forte finished a penny lower at 344p, while those of Granada closed the session at 643p ex-dividend.

Redland hit

Financial Times.

World Business Newspaper.

Analysts were taking the pickaxe to forecasts for land after the building ma als group warned of declin profits, Redland shares surrend

7 to 381p in reaction to a st

houses, while there were impressive RMC generates about half its ment which flagged difficult trading, particularly in the housing sector. profits, there were hints in a German newspaper yesterday that the government might be easing back on its drive to The company said market conditions in Britain continued to weaken in the second half. withdraw tax benefits. activity in the German bousing Stores group Allders rose suddenly to the top of the bid market also fell and construction activity in France had targets list following confirma-

their breath yesterday as Gran-ada Group's aggressive bid for been bit by political uncer-tainty and industrial disrup-Forte moved into the final Talk doing the rounds just tion. Forecasts for Redland's before the market close hinted current financial year were coming down by around £10m to £365m and those for 1996 are at a dawn raid from brokers acting for Granada, with the specific aim of acquiring up to also expected to be moved

prise and one said: "This may be the prelude to a full scale The air of gloom spread over to RMC, already under pres-sure from a NatWest Securities takeove The shares easier from the downgrade last week. The ontset as they went ex-divires fell 31 to 935p. dend, moved strongly ahead However, one analyst said and ended the session at 184p. Last September, Allders the market was being unfair as RMC was far less concentrated warned of a likely shortfall in on housing than Redland. And profits and last month the while there have been big congroup duly reported an 8 per cent drop to £23.5m. It also cerns over the construction

FINANCIAL TIMES EQUITY INDICES

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Mastering Management is a 20

week series being published in

performances from BP and Shell, as well as from all the smaller exploration stocks. The latter have been boosted by the takeover activity in the sector in the past few months. Opening some 4 points higher, the terday, the Dow jumped 25 points, Footsie quickly got into its stride in the wake of the hig rises in oils and

tion late in the session that LVMH, the French luxury products company, had bought

a 2 per cent stake in the UK

The news took market

watchers very much by sur-

spake of weaker than hoped for

retailer.

following a number of good individ-ual performances in the leaders. The cash market was also being persistently led higher by the future, which attracted keen interest throughout the day.

At the day's best, the index came within 0.2 of its intra-day record of 3,723.0, reached last week. Turnover in equities was disappointing by recent standards, espe-

year ago.

market for the group. The shares eased 1% to 166%p. market conditions in several

areas and problems in its air-port retailing operations. Lloyds Chemists advanced 10 to 289p after a trading update revealed second half like-forlike sales in its chemists division up 4.3 per cent from a year earlier. Total group sales increased by 21 per cent on a The news from Lloyds Chemists led to hopes of a positive trading statement on Thursday

street retailer climbed 14 to 599p. Several other stocks were also helped by talk of favourable Christmas trading. Dire which reports interim figures 9.2 per cent stake in the company, Broker Wise Speke and a trading statement on crossed 1.87m shares at 330p. Wednesday, put on 4 at 429p. MARKET REPORTERS:

Joel Kibezo, downgrade. The shares fell 10

lanue Arnt Mit. price paid cap 1985/98 p up (Dm.) High Low Stock Lyonnais Laing lowered profits expectations for the year to F.P. F.P. F.P. F.P. F.P. F.P. F.P. 100 F.P. 200 F.P. F.P. F.P. F.P. F.P.

for the following year. The broker blamed the cut on expecta-tions of reduced profits from the AE Staley subsidiary, but said the stock remains attractive for the long term. Banks were mixed as the recent bout of profit-taking in

stock for the rise in Rolls-Royce. The shares moved ahead compan the m

ahead 7 to 195p, making the	I Regional Indicas
company the best performer in the market yesterday. Volume	Alder (16)
was 6.6m shares.	Australiania (5) 2 North America (12) 1
Reports of falling German steel prices weakened British	Copyright, The Pinencial Vi Times Livitud, Piguras is in 31/12/92, † Partial, Latent

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FT GOLD MINES INDEX

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FT-SE-A All-Share Index

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Source: FT Boat 1995

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Electronic & Elect Equip(36)	2267.78	+0.7 2	252.07	2225.10	2195.70	1880.85	3.10	7.99	19.73	1.27	1164.62	LISCIN MEPC
Engineering(71) Engineering, Vehicles(13)	2209.26				2181.19		3.37	2.23	18.61 24.89	1.02	1323.14 1290.18	I NA
Paper, Poly & Printing(28)	2658.13	-0.7 2	636.45	2619.67	2591.58	2734.79	3.75	2.49	13.40	0.39	1066.83	Maria 4 Spancer† Marcary Asset Mars Michands Bect.
Textiles & Apparel(19)	1450.48				1433 09		4.79	1.79	14.57	0.00	866.94	Monison (Win.)
CONSUMER GOODS(82) Alcoholic Beverages(3)	2962.07				3850.15		3.80	1.78	16.68	6.12	1326.57	NEWest Bank† National Gnd†
Food Producers(24)	2625.11	+0.2 2	621.03	2618.89	2613.10	2317.84	3.92	1,54	17.64	0.00	1164.26	National Gnd† National Power†
Household Goods(15)	2684.05	-1.72	730.65	2705.48	2728.78	2376.01	3.61	2.14	16.17	0.30	1008.00	Northern Bect.
Health Care(20) Pharmaceuticsis(13)	1905.89 5068.78				1910.51 5091.80		2.70	1.76	26.31 22.70	0.96	1145.78	Partnern Foods
Tobacco(1)	4714.05				4777.58		5.09	1.94	12.67	0.00	1140.47	P & Of Pillingtont PonerGent Procentalt RECent
SETVICES(254)	2254.18				2245.45		3.02	2.12	19.55	2.29	1158,75	PowerGent
Leiture & Hotels(24)	2605.29 2647.12				2567.14		3.67	1.77	19.19 18.74	0.00	948.57	RECANT
Media(45)	3555.34	+0.5 3	537.98 3	3535.41	3512.17	2747.26	2.13	2.24	26.16	4.18	1274.28	RIZT
Ristallers, Food(15) Ristallers, General(43)	2015.27 1931.23				2010.06		3.62	2.40	14.36	0.00	1251.92	Pank Org.† Recist & Colman†
Brewenes, Pube & Rest [24]	2882.02				2663.35		3.42	2.04	17.93	7.81	1374.49	Recland
Support Services(49)	1925.41				1899.88		2.44	2.46	20.82	1,74	1213.57	Planet Inti.†
Transport(21)	2206.52				2177.42		3.93	1.41	22.53	0.00	905.23	Roters† Rote Report Rel Bic Scotland†
UTILITIES (14)	2432.28 2721.72				2447.14 2729.65		5.06	2.03	12.13	1.02	1017.98	Firl Bic Scotland
Ges Distribution(2)	1707.36	+2.3 14	559.27 1	678.81	1717.08	2039.74	7.02	1.04	17,12	0.00.	856.61	Royal Inscrincel Sanaburyt
Teleconamunications(7) Water(12)	1948.64 2114.71				1986.74 · 2121.97		4.33 5.76	1.74	16.56	0.00	362.01 1147.79	
NON-FINANCIALS(572)	1924.92				1916.81		3.70	1.95	16.54	1.49	1437.67	Scottintr-& New.† Scot. Hydro-Bect. Scottint Power†
FINANCIALS(108)	2903.64	_			2914.08		3.89	2.33	13.80	0.31	1226.41	Sedguick Sedguick
Banks, Retail(8)	4082.31				4116.32		3.67	2.60	13.09	0.00	1306.63	Sinter Trant
Banks, Marchant(5) Insurance(24)	3667.94				3653.54 2 1445.99		2.54	2.41	20.43 0.12	0.00	1149.87 1054.36	Shell Transport?
Life Assurance(5)	3502.99	-0.53	519.42 3	499.25	3494.71 2	2209.58	3.93	1.53	20.53	0.00	1427.13	Souch Ends
Other Financial(23) Property(41)	2410.88				2402.80		3.69	1.89 1.32	17.97	0.00	1356.70 895.41	Grift Restard
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WORLD STOCK MARKETS

FINANCIAL TIMES

Jan 8

HOM ON THE

77-52 E-7740 (12) F-52 Souther At

Tuesday January 9 1996

rates. The Wig Index added

185.5 or 2.2 per cent at 8,481.4

in turnover that jumped 17.1 per cent to 103m zlotys.

movers, Stalexport jumped :

zloty to 29 zlotys and Drosed

surged 2.8 zlotys or 9.9 per cent

to 31 zlotys. PRAGUE caught up with

sentiment elsewhere in its first

session of 1996, the PX50 index

rising 12.0 or 2.8 per cent to

437.9 as a predicted rally in

high-capitalisation stocks

BUDAPEST talked of higher

contral budget revenues, a strong dollar and declining international interest rates.

but it dreamed of the central

European equity boom of two

years ago as the Bux index

climbed 89.39 or 5.3 per cent to

1.779.10. Turnover more than

doubled to 964.7m forints, up

ATHENS picked up 1.3 per

that the conservative opposi-

tion would seek a censure

motion in parliament later in

the day to keep up pressure on

The general index moved for-

the ailing president to resign.

ward 11.78 to 917.60 on selec-

tive buying of banks by institu-

Written and ediled by William

Cochrane and Michael Morgan

tional investors.

ceut. unimpressed by news

from 437.6m on Friday.

spurred the bourse higher

Among the day's biggesi

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والمراجع المراجع المراجع

remained sidetracked ahead of

the parliamentary debate on

the government's future. due to begin this evening. The Comit index dipped 1.89 to

587.40, while the real-time Mib-

tel picked up from 9,311 to fin-

Olivetti recovered from a day's low of L1.140 to close just

L4 off at L1.18: after its Omni-

tel GSM digital mobile tele-

phone network manager

reported that it had taken 40 per cent of the market with

more than 60,000 subscriptions

in its first month of operation.

on reports of a strong buy recommendation from Credit

MADRID majored in Repsol,

strong performer since last

October in the run-up to the

Spanish government's sale of a

fourth tranche of stock in the

Vesterday, Rensol rose a net

Pta70 to Pta4.040 as the general

index closed 0.48 bigher at

327.82. The oil company

accounted for nearly 40 per

cent of market volume, thanks

to a large block trade by

WARSAW defied some

expectations of a downward

correction, and instead

extended last week's 9.4 per cent advance, supported by Fri-

day's reduction in interest

Société Générale.

first quarter of this year.

Suisse First Boston.

Eni picked up L85 to L5,587

isb 66 higher at 9,435.

AMERICA **Trading hit** by blizzard conditions

Wall Street

30

US share prices were mixed in very thin trading yesterday as action was disrupted by a blizzard that struck much of the east coast, writes Lisa Bransten in New York.

At the close, after only $2^{l_{\pm}}$ bours of trading, the Dow Jones Industrial Average was up 16.25 at 5.197.68. while the Nasdaq composite was off 1.09 at 1,032.38. The Standard & Poor's 500 finished 1.75 firmer at 618.46 and the American Stock Exchange composite put on 2.37 at 546.29.

Trading volume on the New York Stock Exchange came to 130m shares.

US stock exchanges opened 2's bours late at 11 am and finisbed trading at 2 pm. Bonds were mostly

unchanged after a shortened session that ended at noon.

Travel was stopped or delayed on much of the eastern seaboard, causing declines in several US airline shares. UAL. the parent of United Airlines. slipped \$2 to \$177%. Delta was \$2% lower at \$75% and AMR. parent of American Airlines. was off \$1's at \$73's. Loral added \$8% or 24 per

cent at \$45 after the company agreed to sell defence

operations to Lockheed Martin. Under the deal announced yesterday, Lockbeed will also invest \$344m in new space operations at Loral. Shares in Lockheed advanced \$2% or 4 per cent to \$50%.

Aluminum Company of America sbed \$3 or 5 per cent to \$523, after reporting fourthquarter earnings well below expectations. Net income at the company, which is a compouent of the Dow. was 85 cents a sbare, more than double last year's figure but below analysts' expectations.

Canada

Toronto posted gains in midday trade, supported by a strong gold shares sector, and the TSE 300 composite index was 27.81 higher by noon at 4,667,55 in busy volume of 36.2m shares.

Resource stocks dominated Toronto's top 10, led by Transwest Energy, which rose 5 cents to C\$1_20. Nova traded steady at C\$11³; it estimated that its 1995 net income would be cut by C\$30m or 6.2 cents a share after Alberta's regulator said that tolls on its gas transmission division would drop. Barrick Gold rose C\$% to C\$39%m while Corel bounced back, up C\$% to C\$15%.

EUROPE Oil price features in Amsterdam, Paris, Madrid

FT-SE Actuaries Share Indices

Lan S

15 13 20 1614 98

Elf is big in oil exploration

and development, said Mr

Michael Woodcock at Williams

de Broe, and an obvious benefi-

ciary from an oil price rise.

Unfortunately, the company

was also the subject of week-

end comment on financial

investments which may have

gone wrong over the past two

or three years: "It was used by

the state to bail out its lame ducks." said Mr Woodcock.

FFr6.40 to FFr227.90 after the

motor components company's

chairman reiterated his fore-

cast for 1995 profits: Euro-

tunnel losi 35 centimes or 5.1

per cent at FFr6.45 after a

report that Japanese banks

were ready to sell their debt in

the secondary market; and Pin-

ault-Printemps rose FFr29 to

FFr1.060, recommended by

Societé Générale after the sale

ZURICH followed early

strength in UBS with general

of Pinault Equipement.

Elsewbere. Valeo rose

Coer 10.30 11.30 12.00 13.00

Sale 1300 TRICK High Lay 100 - 1525 43 AV0 - 1618 00 Low Kay 100 1120 45 200 - 1612 11 1 Parkal

77-52 Europaus 170 1523 56 1524 21 1523 77 1522 21 1523 49 1521 98 1527 00 1525 41 77-55 Europaus 200 1611 25 1615 02 1613 98 1613 92 1614 47 1614 72 1615 59 1615 67

1341 4

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weaker at 3.368.1.

last year's bull run.

Analysts bad been advising a nor most domestic investors cooling off period for AMSTERwere buying, he said, but deal-DAM, which had outperformed ers were taking the view that other senior bourses since the market could rise later in the monib, given a further

and DM9.20 at DM504.90.

The biggest gains of the day came in Henkel, up DM14 at DM560, and in Schering.

DM2.55 bigber at DM98.85.

There has been talk that Henkel would sell a DMT00m

stake in Degussa; but Mr

Wiecking noted that yester-

day's share price rise came in

meagre volume. On Schering, analysts said there was noth-

ing specific, and that comment

on the sector had been on the

PARIS closed nearly 10

points off the bottom with the

CAC-40 index down just 1,16 at

1,916.56, in turnover of

FFr3.08bn, Witbin tbat, Elf

Aquitaine surrendered FFr6.10

to FFr357.80, although oil

prices hit a new high.

edge of bearisb recently.

but the market rallied all day recovery in the dollar. following Friday's technical Cyclicals gained ground on this proposition, particularly correction, and the AEX index cbemicals and automotive ended 6.04 or 1.2 per cent higher at a new peak of 503.61. stocks. Analysts noted the The market got a strong push from Royal Dutch. up F15 decisions at Bayer and BASF to move their shares to DM5 at Fl 231.50 on higher crude oil nominal value, and the stocks prices. However, the recently rose DM2.45 to DM333.70 and subdued Philips outperformed DM4.40 to DM39S.40 respec-Royal Dutch in percentage terms, gaining Fl 2.20 or 3.6 per tively, while BMW. Daimler and Volkswagen put on DM9.40 at DM785.20, DM9 at DM747

cent at F164.10, against a July 1995 peak of Fl 83.90. A recent note from Ms Nic-ola Almond at Paribas Capital Markets said that the electronics group's shares bad overreacted to a relatively small setback in earnings; Paribas believed that the stock was undervalued by 34 per cent. FRANKFURT replaced Fri-

early October:

day's post-bourse weakness with a sbow of strength. ending Ibis trading with the Dax index 21.10 higher at 2.336.76. However, turnover fell again, from DM8.1bn to DM6.4bn.

With Wall Street opening late and no stimulus from the dollar, or bonds, this was a gain based on trading, rather tban fundamentals, said Mr Jens Wiecking of Merck Finck in Düsseldorf. Neither foreign

Tokyo

ASIA PACIFIC Profit-taking hits Nikkei as Taipei stages fightback

Mexico edges ahead

Mexico City turned back from its best early levels, but still remained higher in midday trade on expectations of a fall in primary interest rates today. Analysts said the peso's recent stability was also helping to attract foreign equity tovestors. The IPC index, up at 3.030.01 in early trade, later stood 4.11 ahead at 3,015.16. **BUENOS AIRES** built on last

S Africa attains new peaks

Johanneshurg's industrial and all-share indices closed at their fourth consecutive record highs, on generally positive

the gold sbares index higher than the spot metal price might have warranted. The overall index climbed

week's 7 per cent advance, the Merval index rising 5.01 points

to 560.08 in late morning trade.

Analysts noted that the market

was devoid of big sellers and

most investors were largely

optimistic about the economy's

growth prospects. CARACAS was weak in

morning trade, the IBC 19-

sbare index falling 26.99 to

2,013.70 by noon,

Profit-taking by domestic instito Y1.820. tutions pressured prices and the Nikkei todex fell for the first time in four trading days, writes Emiko Terazono in

Tokyo. The Nikkei 225 average closed 105,45 down at 20,563.58, after moving between 20,471.40 and 20.667.03. Dealers reduced their long positions as institutional investors rusbed to place sell orders. Stocks which attracted demand following Mr Tomiichi Murayama's resignation as prime minister last week declined on profit-taking. Volume totalled 521m shares, against 732m. Overseas investors and individuals remained active buyers of large-capitalis-

ation stocks, but brokerage dealers refrained from activity. The Topix index of all first section stocks finished 10.61 off at 1.621.42 and the Nikkei 300 shed 2.63 to 305.35. Of the 1.255 issues listed on the first section, declines led advances by to 493 with 131 lssues naining unchanged. n London the ISE/Nikkel 50 ex edged up 0.54 to 1,442.82. raders said that domestic tltutions, and especially iks which were expected to te off bad loan losses, were ting profit-takers during the Nikko Securities said that expected some Y1,500bn to 000bn to be sold by domesinstitutions during the ee months to the March k closing. lectronics sbares declined pite of the fall in the yen. shiba, the most active issue the day, slipped Y10 to Y853 profit-taking, while Matsus-Electric Industrial receded to Y1.740. il refiners rallied on higher Jate oil prices. Teikoku Oil oved ahead Y26 to Y738 and owa Sbell Sekiyu gained Y17 Y923. Higher gold prices pported mining stocks. Indi-

or alcobolic drinks maker, jumped Y100 to Y1.110 and Daido Steel Sheet soared Y220

Construction issues, which gained ground last Friday. encountered profit-taking. Some investors had boped that a new prime minister from the Liberal Democratic party would raise public works spending. Talsel dipped Y10 to Y734 and Obayashi declined Y23 to Y857. Profit-taking also depressed

brokerage stocks, which had been bought on expectations of better profits due to the higher trading volumes on the stock market. Nomura Securities shed Y10 to Y2,390 and Nikko Securities fell Y40 to Y1.380. In Osaka, the OSE average eased 107.08 to 22,062.55 in volume of 87.2m shares.

Roundup A fightback over the weekend and yesterday, came in

Mining were the bighlights among gold stocks. rising 12 cents to AS3.28 and 9 cents to AS6.33 respectively. Qantas eased 2 cents to AS2.26 after a short strlke by its interna-

tional flight attendants. KUALA LUMPUR put on 1.2 per cent on a continued accumulation of blue chip shares by institutions, while second line issues advanced afresh on speculative buying. The composite index ended 12.48 higher at 1,054.54.

United Engineers relinquisbed 30 cents at M\$17.10 in reaction to news of a weekend landslide at a highway operated by a subsidiary. Pernas international and its

warrants topped active stocks on rumours of a management buyout and business restructuring. Pernas jumped 59 cents to M\$2.98 and the warrants rose 16.5 cents to MS1.06.

THE EUROPEAN SERIES

Jan 2

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profit taking in subsequent

trade, and the SMI index

turned back from the day's

bigh of 3.933.9 to close S.0

UBS put on SFr19 at SFr1,301

as hopes grew that 1995 results

would be better than earlier

expected. Among insurers,

Swiss Re fell SFr17 to SFr1.313

on the view that the stock had

limited potential this year after

Motor Columbus, the energy

group in which UBS bolds a

majority, surged SFr130 to

SFr2.210 on the reappearance of old speculation about the

possibility of an energy bold-

ing company to house Motor

Columbus and Elektrowatt,

which is a rival, Elektrowatt added SFr6 at SFr442.

MILAN overcame early

weakness after a turnround in

the fortunes of Olivetti, and a

strong performance by Eni, the

Many investors, bowever,

euergy group.

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Dec 29

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HONG KONG reversed steep early gains to close moderately lower after the mood was soured by speculation about various fund raising exercises. The Hang Seng index lost a net 63.23 at 10,466.67, having turned back from a high for the day of 10,617.98. Turnover shrank to HK\$5.6bn from Friday's HK\$9.5bn.

Analysts attributed the afternoon tumble to talk of a Hysan sbare placement, later denied by an official, and of a covered warrant issue on China Gas. Hysan tumbled 60 cents to HK\$21.30, while China Gas put market.

on 10 cents at HK\$12.90. Soft drinks maker Vitasoy lost 20 cents at HK\$2.975 in tion grew that the Finance

reaction to its recall of a large batch of products suspected of bacterial contamination.

SINGAPORE was firm. though off the morning's high when prices briefly touched a 14-month peak. The Stralts Times Industrial index was finally 20.34 ahead at 2,385.87 after touching 2,400,23. Analysts noted that strong demand for speculative Malayslan over-the-counter issues

took the UOB OTC index for Malaysian stocks np 25,10 to 1,129.53 SEOUL was higher on news reports that the government would soon announce steps to

ary 15. The BSE 30-share lodes retreated 45.67 to 3.003.19. Reliboost the recently depressed ance lost Rs6.75 to Rs195.75 ou The composite index ended the BSE and dropped Rs9.80 to 🗮 8.45 firmer at 866.81 as specula-Rs192.70 on the National Stock Exchange (NSE).

Ministry would expand the foreign stock ownership limit faster than originally planned,

Brokers noted that smallcapitalisation shares were in demand after their recent unpopularity.

Dong Yang Textile went limit up to Won9,040, a rise of Won510, and Kabul Spinning also rose to Its daily upper limit of Won9.550, up Won540. BOMBAY was weak as speculators pressured prices of most leading stocks ahead ol

the expected introduction of carry forward trade on Janu

sentiment and a firm gold 78.8 to 6,603.6, industrials price. One analyst said that advanced 52.7 to 8.301.5 and golds added 39.8 at 1,572.8. bullion was expected to test the \$400 an ounce level. De Beers rose R3 tn R120.50 and Amgold R16 to R336. encouraging investors to push

	MARKE	TS IN	596 to 493 with 131 lssue remaining unchanged.				
		change in loc	al currency †		Successfully the starting the start of 1995	in US 8 t	In London the ISE/Nikkel i index edged up 0.54 to 1.442.8
	1 Wook	4 Wroki	1 Year	Start of 1995		Start of 1995	Traders said that domest institutions, and especial
Austria	+5.55	+5.04	-6.15	-6.93	+1.15	+0.40	banks which were expected i
Belgium	+2.57	+5.78	+18.58	+17.76	+27.82	+26.87	write off bad loan losses, we
Denmark	+2.18	+2.21	+5.00	+6.69	+17.64	+16.76	leading profit-takers during th
Finland	-2.19	-11.73	-11.57	-9.66	-0.94	-1.67	
France	+2.48	+2.97	+3.62	+3.02	+12.48	+11.65	day. Nikko Securities said that
Germany	+3.03	+3.23	+10.88	+8.68	+18.06	+17.18	it expected some Y1.500bn f
reland	+2.70	+1.78	+20.45	+22.60	+28.19	+27.24	Y2,000bn to be sold by dome
italy	-0.85	+5.06	-5.79	-5.08	-1.78	-2.51	tic institutions during th
Netherlands	+1.96	+3.65	+18.01	+18.45	+28.66	+27.71	three months to the Marc
Norway	+3.44	+4.74	+6.17	+4.83	+12.71	+11.87	book closing.
Span	+1.73	+4.56	+18.72	+17.37	+28.62	+27.66	Electronics sbares decline
Sweden	+2.24	+2.69	+19.64	+23.08	+39.38	+38.34	in spite of the fall in the year
Switzerland	+2.25	+4.36	+29.05	+28.44	+46.11	+45.01	Toshiba, the most active issu
UK	+0.50	+2.23	+21.07	+19.83	+19.83	+18.93	
EUROPE	+1.56	+3.00	+15.32	+14.56	+21.37	+20.46	of the day, slipped Y10 to Y85 on profit-taking, while Matsu
Australia	+2.21	+3.01	+20.67	+12.00	+14.12	+13.27	hita Electric Industrial recede
Hong Kong	+5.19	+7.86	+28.99	+24.97	+25.95	+25.00	Y30 to Y1.740.
Japan	+3.66	+7.00	+6.56	+5.80	+1.42	+0.67	Oil refiners rallied on highe
Malaysia	+5.75	+7.62	+8.15	+6.42	+7.2a	+6.48	
New Zealand	+2.09	+4.11	+13.92	+13.00	+16.80	+15.95	crude oil prices. Teikoku O
Singapore	+\$.30	+10.89	+11.04	+11.\$1	+15.11	+14.26	moved ahead Y26 to Y738 an
Canada	+2.68	+2.13	+15.93	+14 53	+19.25	-18.36	Sbowa Sbell Sekiyu gained Yi at Y923. Higher gold price
USA	-0.15	-0.51	+33.16	+33.62	+34.62	+33.62	supported mining stocks. Ind
Mexico	+9.83	+15.24	+30.51	+25.68	-17.62	-18.23	vidual investors bought Sum
South Africa	+\$.60	+4 40	+25.99	+8.11	+22.32	+21.40	inmo Metal Mining, which ros
WORLD INDEX	+1.81	+2.71	+18.37	+17.81	+19.14	+18.25	Y35 to Y1,030. Private investors als

TAIPEI, where the market dropped 6.7 per cent last Friday after the Taiwan parliament proposed the reintroduc-tion of capital gains tax, which was abolished in 1990. Traders were convinced that the government would not want a market plunge before the March presidential elections. The weighted index recovered 1 per cent on Saturday, and a further 1.8 per cent or 87.65 yesterday at 4,934.86. Turnover was T\$32bn. President Lee Teng-bui said on Sunday that be disagreed with a stock capital gains tax bill passed last week. Parliament was scheduled to review the reintroduction of a stock capital gains tax bill today. Lower-priced and speculative stocks led yesterday's gains. Hotels rose 3.2 per cent, and textiles 3 per cent. SYDNEY was lifted by the strong gold price, and the All Ordinaries index closed 14.2 up at 2,274.9, the golds index sprinting ahead with a 3.15 per cent gain following Friday's New York rise of 95 US cents to \$395.50 in the bullion price. Turnover was A\$512m, Reso lute Samantha and Newcrest

FT/S&P ACTUARIES WORLD-INDICES LA AND THE

The FT:S&P Actuanes World indices are owned by The Financial Times Ltd., Goldman, Sachs & Co. and Standard & Poor's. The indices Goldman Sachs in conjunction with the institute of Actuanes and the Faculty of Actuaries, NatWest Securities Ltd. was a co-founder of

LATIONAL AND SECTOR STRATCH FRIDAY JANUARY S 1996								THURSDAY JANUARY 4 1996 DOLLAR INDEX								
REGIONAL MARKETS	Day's	Pound				Local	cal Gross						DOLLAR INDEX			
show number of ines Doillar	Charkle	Stering	Yen	OM	Currency	a, cha	Drv.	Dolar	Stering	Yen	DM	Local	52 week	FD	Year	
of stock index	40 40	Indo	Index	Inde	Index	on day	Yield	Index	Index	inclex	inder	Index	High		-ago (approv)	
lustralia (81)	-01	185 63	128 67	145 30	173 68	0.1	3 85	194.11	186.35	130.59	147.44	173.58	195.48	151.95	166.0	
Austria (261	2.8	175 17	121 61	137.11		15	1.52	178.42	170 75	119.66	135 10	134.97	199.28	167.48	180.6	
Belgium (3-4)	1.3	204.03	141.65	159.70		-0.1	3.36	211.03		141.53	159.79		213.69	166.52	166.5	
Statel (28)	-0.1	142 97	99 26	111.81		-0.1	1.6	149 83	143 38	100.49	113,45	268 12	160.23	86.06	152.0	
Canada (101)	0.5	146.22	101 51	114.45		07	2.48	152.46	145.90	102.25	115,44	149.51	153.14	121.81	127.9	
Denmark (33)	0.4	280.72	194.89	219,73		-0.8	7.47	23C.78	280.19	196.36	221.70	224.25	295 99	246.19	255.1	
niana 1241	- 1.9	174.58	121.20	136.65		-2.8	1.91	166.47	178.45	125 06	141.20		276.11	111.13	188.6	
rance (100)	05	114.34	121.04	136.46		-0.5	3.09	181.72	173.90	121.87	137.60		181.17	157.79	162.0	
Jermany (60) 167.93	1.8	160,34	111.32	125 50		02	1.91	165.32	158.21	110 58	125.18		167.93	139.11	140.1	
tong Kong (59)	-0.2	389.26	270.25	304 69		-0.2	3.54	408.53	390.97	273.99	309 35	405.66	408.53	277,40	315.6	
reland (16)	0.0	250 54	173.94	196.11		-06	3.32	262.50	251 22	176 05	199.77	231.95	262 50	204.97	210 0	
lafy (59)	- 1.1	70 08	49.65	54 85		- 1.6	1 69	74 23	71.04	49.79	56.21	88.03	82 71	65.45	75.8	
lapan (482)157.99	12	150 64	104 72	118 07		00	0.73	156.18	149.47	104,75	118.27	104 7S	164.B2	136.95	153.9	
Aakaysia (108)	Q.0	481.36	338 35	381.47		- 0.3	1 65	510.49	-488.55	342.37	386.50	503.31	561.96	398.16	472.3	
Aexico (18)	0.3	1105 56	767.55	865.3		0.4	1.45	1154.44	1104,91	774.25	874.16	9548.59	1247.33	641 81	1232.3	
letherland (19)	0.5	284	183.59	306 99		-0 ā	3,21	275.60	263.75	184.84	208.69	205.12	277.96	214 99	215.12	
low Zoaland (1-1 81.69	-09	7.99	54 15	<u>61.05</u>		-12	4 39	82.48	78.91	55.30	82.44	66.82	85.49	69.14	69.7	
tormay (33) 238 47	Q.†	227,69	158.08	178.22		-0.4	2.04	236.73	226.56	158.76	179.25	205.98	243.79	202.76	210.11	
ingapore (44)	05	406 95	282 53	318.54		-0.1	144	424.30	405.07	284,57	321.30	279 77	426.22	313.94	375.9	
South Africa (45)	0.9	390.29	270.95	305.48	324.22	09	3.65	404,95	387.54	271.59	306.64	321.41	408.78	281.05	331.1-	
Spain (38)	06	160.84	111.67	125.90	154 45	-06	3.88	167.44	160.25	112.30	126.78	156.43	168.81	124.10	129.26	
inveden (47) 319.71	-03	305.26	211,95	238.94	313.05	-0.8	1.92	320,72	306.94	215.10	242.86	315.54	324.31	252.23	237.76	
Switzerland (40)	09	328 72	158,79	179.02	172.14	-0.6	1.55	237.35	227 15	159.18	179.73	173.14	238 55	152.35	164.61	
hailand 46]	-0.S	174,44	121.11	136 54	116.96	-0.6	2.28	163 58	175.89	123.12	139.01	180.04	184 56	130.15	158.88	
United Kingdom (296)	00	221 25	155 60	173 18		-03	4.19	231.79	221.82	155 45	175.52		232.09	191.53	192.72	
ISA (636)	-0.3	239 53	166 30	187.49		-0.3	2.25	251.56	240.75	166.72	190.48	251.56	253.50	188.41	192.74	
mencus (783) 229.26	-0.2	213.96	157.97	171.34	192.65	-0.2	2.24	229.82	219.94	154.13	174,02	193.10	231.18	173.84	174.19	
urope (735)	0.4	194.33	134.91	152.11	172,55	-0.4	3 04	202.72	194.01	135.96	153.50		204 32	167.08	167.57	
lordic (137)	-03	268 01	198.07	209.78	237 86	-16	1 85	281.49	269.39	188.79	213.15		295.02	222.22	229 14	
aafic Basin (834)	0.9	151.55	112 16	126-1	115 61	-01	1.15	167,65	160.45	112.44	129.95	115.68	171.87	145.93	161.05	
uro-Pacific (1569) 183 39	07	175.10	121 55	137 05	137.30	-0.2	2 03	182.18	114.32	122.17	137.93	137.61	183.39	154.73	163.60	
lorth America (737)	-0.2	233 73	162.27	182 85		-02	2.29	245.41	234.86	164.59	185.83					
urope Ex. UK (529)	06	175.35	121 74	137.26		-05	2.40	162,48	174.65	122.39	138.19	244 70	246.93	184.66	184.66	
adile Ex. Japan (352)	-0,1	363.65	183.04	206.37	243 65	-0.2	3.03	276.48				146.36	184.81	149.53	150.34	
Vorid Ex. US (1761)	01	176.35	122 43	135 04	1-1.21	-0.2	2.07		264.59	165.43	209 35	244.13	276 48	211.19	233.01	
Vorid Ex. UK (2191)	03	192.89	133.92	150.68		-02		183.48	17S.59	123.05	138.93	141.56	184.71	155.42	164,6	
Vorid Ex Japan (1915)	ăĎ	220 73	153.34	172.77			1.93	201 40	192.74	135.07	152.51	168.44	202.03	163.46	169.3	
he World Inday (2397)	0.3	185 40			216.21	-0.3	2.59	231 18	221.24	155.05	175.05	218.81	232.30	161.60	182.6	
	0.3	105 40	135 66	1.2.94	172 86	-0.0	2.14	204.08	195.31	136.67	154,53	173.24	204.65	165.92	171.44	

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istual by National Westminut Bank Pic, regulated in SFA and MRC